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NATIONAL
RESTAURANT
ASSOCIATION

Restaurant Industry Operations Report '85

For the
United States

Prepared in cooperation with



Laventhol & Horwath

Certified Public Accountants



1985 Edition

RESTAURANT
INDUSTRY
OPERATIONS
REPORT '85

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To the Reader:

Restaurant Industry Operations Report '85 is based on financial and operating data provided by members of the National Restaurant Association. The data analysis and compilation were performed by the national accounting and consulting firm of Laventhol & Horwath (L&H) and the report was published in conjunction with the National Restaurant Association (NRA). More than 920 questionnaires were received from restaurant operators, and 718 were used as the basis for this report. This unique study of the operating results of restaurants in 1984 includes specific financial information on full and limited menu tableservice restaurants, operators with no tableservice (fast food) and cafeterias.

The data have been compiled on the basis of type of restaurant, location, affiliation, years of operation, sales volume, menu theme and other significant categories. Separate sections of the report cover the analysis of those restaurants that serve food and of those serving food and alcoholic beverages.

Generally, operating results are expressed as amounts per restaurant seat and ratios to total sales, the most common bases used in the industry. The amounts and ratios in the exhibits and text are the medians and upper and lower quartiles of those reporting the data, unless otherwise noted. They are intended to be used as guidelines, not as standards or goals. They are not an attempt by the NRA or L&H to set or conform prices or operating ratios for the industry. The results of the operations studied can become a basis for comparison with your operation by using the worksheet in the back of the report and the appropriate figures from the schedules. We believe that evaluation of the variances revealed by that comparison can be helpful.

We sincerely appreciate the cooperation of those restaurant operators who supplied complete data for their restaurants, making this study possible. We also thank the personnel of L&H who contributed informative comments on the restaurant industry in their regions.

National Restaurant Association

Ted Balestreri
Chairman of the Board and
President

Laventhol & Horwath

Richard C. Conti, Chairman
Restaurant and Foodservice
Practice Group
Director of Research and
Development

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EXPLANATORY NOTES

Readers should be aware that the operators who participated in this study are not identical with those who participated in prior years' studies. This makes comparisons with previous data difficult because reporting ratios can be vastly different. However, comparisons of the information in past reports may be useful in identifying certain financial trends.

Again this year, medians and quartiles are used extensively in data presentation. Medians are the middle values of all amounts calculated for a particular item when placed in sequential order. Half of all values reported are below the median and half are above. Readers should be aware that medians are calculated only from respondents reporting information for every specific line item. To provide

readers with a better understanding of the range of reported values, lower and upper quartiles are also presented. These are the midpoints of each group bounded by the median. In other words, the sample is broken into four equal parts when arranged in sequential order. The lower quartile divides the sample into the lowest quarter and higher three-quarters of the sample; the upper quartile divides the sample into the highest quarter and lower three-quarters of the sample. Readers should be aware, however, that columns composed of medians and quartiles may not add to the totals shown in the exhibits of this report, because all participants did not respond to every line item.

The charts on pages 13 and 53 of this report provide a breakdown of the restau-

rant industry dollar in 1984 and 1983 for food only restaurants and food and beverage restaurants. It is important to note the separation of these source of revenue dollars and its distribution since the operating results differ significantly on various accounts according to the type of operation. For this reason, it also is important to compare operations under the appropriate section of this report. The ratios provided in the charts on pages 13 and 53 are calculated using weighted averages and therefore show different results than the detailed exhibits in each section, which present medians and quartiles. Each item is weighted to reflect the total sample size.

THE FOODSERVICE INDUSTRY

The foodservice industry is a large and diverse business. For example:

- Industry sales will total \$177.9 billion in 1985.
- There are some 561,300 foodservice places in the United States.
- More than eight million people are employed in the industry.
- One-fourth of the industry's employees are teenagers and two-thirds are women.
- About 80 million customer transactions occur every day in commercial eating establishments.
- Approximately 40 cents of the average consumer's food dollar goes to meals away from home.
- The typical individual purchases meals away from home 3.7 times a week.

The outlook for this very important industry is good. The industry has posted real sales gains (adjusted for inflation) for the past five years, with particularly strong increases in 1983, 1984 and 1985.

The economic climate in 1985 is favorable, and the U.S. economy continues to expand and recover from the severe 1982 recession. This is good news for the foodservice industry. The National Restaurant Association expects real sales (adjusted for inflation) to increase 3.2 percent in 1985, somewhat lower than 1984's 4.2 percent advance and 1983's 3.9 percent gain. In addition, continued economic gains, rising personal incomes and beneficial demographic and lifestyle trends will have a positive effect on the industry through the remainder of the decade.

Sales for commercial restaurants (eating

places, contract feeding, hotel/motel restaurants, retail hosts) have increased steadily in the past few years. In 1985, sales for the commercial segment are predicted to reach \$153.5 billion, an increase from \$141.6 billion in 1984. Inflation-adjusted sales should rise 3.4 percent in 1985 compared with gains of 4.8 percent and 4.7 percent in 1984 and 1983, respectively.

Restaurant operators continue to seek ways to satisfy consumer demands as well as to find profitable market niches. The successful restaurateur now needs to know and understand the changing demographics of his/her customer base and the accompanying lifestyle changes. For example:

- Several demographic trends will have a positive effect on the foodservice industry during the rest of the decade, including: maturing baby boomers, more senior citizens, the baby boomlet, more singles, smaller households and more working women.
 - Convenience has become a top priority for many Americans.
 - Consumers are becoming more quality conscious.
 - Consumers want more diversity and variety when dining away from home.
 - Consumer interest in nutrition and "healthy" foods remains strong.
- Restaurateurs are finding ways to take advantage of these demographic and lifestyle trends. These include:
- Offering home delivery service, expanded hours and more takeout options.

- Offering more ethnic foods, particularly Chinese, Mexican and Italian.

- Offering menus with calorie counts and nutritional information as well as menus of "lighter" foods.

- Using new cooking methods such as mesquite grilling.

- Upscaling concepts, decor and menu items.

- Emphasizing use of fresh ingredients and "made from scratch" items.

The business environment will also affect the foodservice industry in the late 1980s. Economic and marketplace factors, such as technological advancements and growing competition, will present ongoing challenges. In particular, restaurateurs are reacting to these challenges in the following ways:

- Expansion through mergers, acquisitions, ministores, nontraditional sites (military bases, toll roads) and foreign expansion.

- Use of increasingly sophisticated management techniques, especially involving computer technology.

- Increased emphasis on improving productivity.

All in all, the foodservice industry faces a positive but challenging environment in 1985 and beyond. Restaurant operators and managers will continually have to adapt to a changing environment to ensure success. Those who focus on their patron's evolving needs and remain flexible in today's competitive and variable market should remain successful through the 1980s.

National Restaurant Association
Research and Information
Service Department

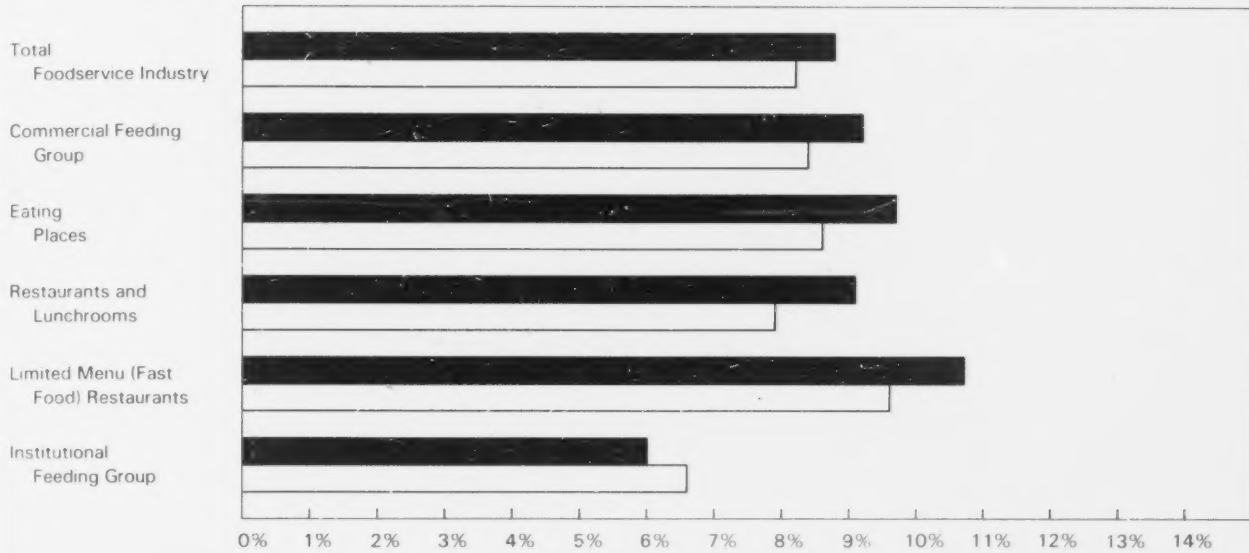
Foodservice Industry Sales, 1984 and 1985 (\$000)

	1984	1985
Total Foodservice Industry	\$164,527,338	\$177,949,612
Commercial Feeding Group	141,596,494	153,478,520
Eating Places	103,436,626	112,332,176
Restaurants and Lunchrooms	54,928,320	59,251,544
Limited Menu (Fast Food) Restaurants	42,978,986	47,104,969
Institutional Feeding Group	22,095,147	23,566,307
Military Feeding Group	835,697	904,785

Note: Foodservice industry sales include all meal and snack sales at commercial restaurants, institutional organizations, hotel/motel restaurants and food contractors. Commercial Feeding Group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants and retail host restaurants.
Source: National Restaurant Association

Foodservice Industry Dollar Sales (Current Dollars)

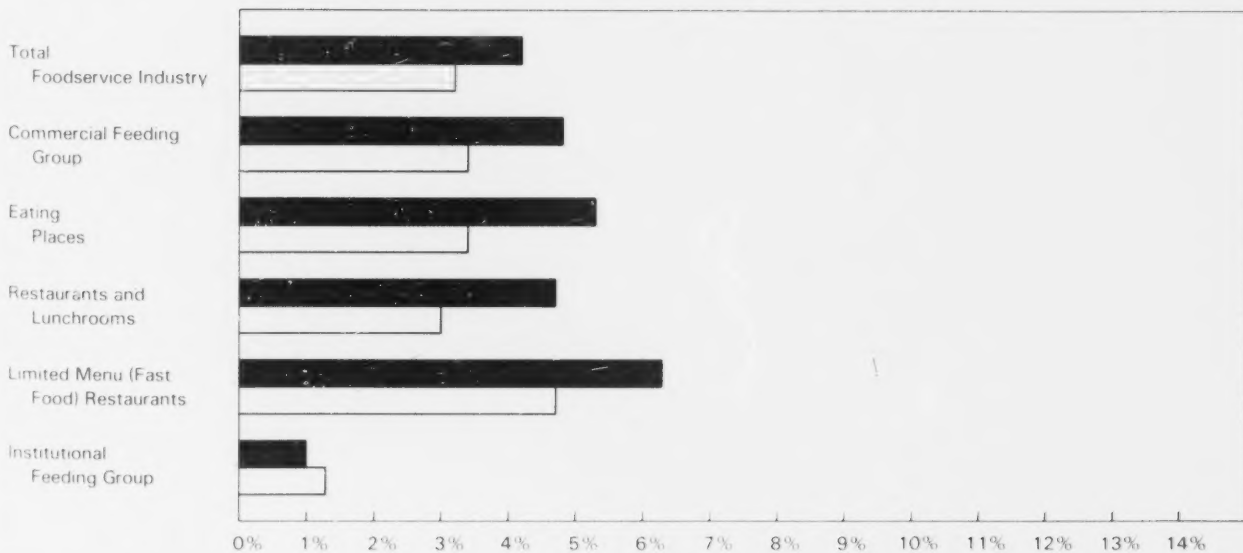
Percent Change ■ 1984 □ 1985



Note: Foodservice industry sales include all meal and snack sales at commercial restaurants, institutional organizations, hotel/motel restaurants and food contractors. Commercial Feeding Group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants and retail host restaurants.
Source: National Restaurant Association.

Foodservice Industry Dollar Sales (Constant Dollars)

Percent Change ■ 1984 □ 1985



Note: Foodservice industry sales include all meal and snack sales at commercial restaurants, institutional organizations, hotel/motel restaurants and food contractors. Commercial Feeding Group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants and retail host restaurants.
Source: National Restaurant Association.

THE RESTAURANT STUDY

OPERATING RESULTS OF RESTAURANTS—1984

by Elizabeth Ann Rifkin and Janet D. Carroll
Research & Development Division
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Introduction

The 1985 edition of *Restaurant Industry Operations Report* summarizes 1984 operating results of restaurant units. Information on more than 900 establishments was received for this survey, but some responses were not usable because they did not include results for a full 12-month period.

This year's sample is more evenly distributed than previous years enabling a more detailed analysis to be presented. This diversity is seen especially in the area of restaurant menu theme. Last year, three menu theme breakdowns were shown for food only restaurants, and five were illustrated for food and beverage operations. This year's sample allowed for an analysis of six breakdowns in the food only section and eight in the food and beverage section. This more detailed view of various menu themes allows restaurateurs to perform more relevant comparisons.

This year additional graphs have been introduced to make interpretation of data easier. For example, the sales versus cost

of sales charts graphically depict which restaurants surveyed had the highest and lowest sales and costs as amounts per seat.

Comparisons with reports from prior years should be made with caution. For comparison purposes, trends from the reports, rather than absolute figures, should be used.

Bases of analysis

This report is divided into two major sections to present the different operating results of restaurants serving only food and restaurants serving food and alcoholic beverages. Each section is presented in an identical format, using the same charts and tables. Differences occurring in the analysis of specific industry segments within each section have been noted.

The information in this report has been generated using the most common bases of measurement in the foodservice industry: amount per seat and percentages of sales. These indices, as well as various

productivity statistics, are used extensively throughout this report. The number of seats used in computations is the total of dining room, bar and banquet seats.

The ratios to total sales figures are based on total food and beverage sales, with the exception of food costs and beverage costs, which are based on their respective sales. Most of the figures used are the medians and upper and lower quartiles and do not necessarily add to the totals shown. Each line item has been analyzed separately and the medians and quartiles are based on the information submitted for that line item only, since not all restaurants reported data for each line. The weighted mean is used in "The Restaurant Industry Dollar" (pages 13 and 53). This expresses the absolute value of the sources of the foodservice dollar and the distribution of controllable expenses, occupation costs, interest, depreciation and net income before income taxes.

The figures presented are intended to be used as guidelines, not standards or goals. They are not an attempt by Laventhol and Horwath or the National Restaurant Association to set or conform prices or operating ratios for the industry.

UNDERSTANDING MEDIANS

Throughout the year both the National Restaurant Association and the Research & Development Division at Laventhol & Horwath receive many phone calls requesting explanations about information contained in this study. "What is a median?" and "Why don't these amounts add to the total?" are probably the two most asked questions. This section will shed some light on these confusing issues.

A median is defined as the middle value of all amounts calculated for a specific line item. For example, if we received nine responses for number of full time employees—8,4,2,6,9,7,5,1,3; these numbers would be arranged sequentially—1,2,3,4,5,6,7,8,9 and the middle value "5" would be the median since 50 percent of the responses received are below the value and 50 percent are above.

The responses are also broken into quartiles, or four equal parts, with the median still being the middle value. The *lower quartile* is the value that separates the lowest 25 percent of the responses from the rest of the sample when arranged sequentially, while the *upper quartile* defines the boundaries of the upper 25 percent of the responses from the lower 75 percent. Stated another way, 50 percent of all responses fall between the lower and upper quartiles. For example, if we receive 99 responses for a specific item

and the responses (conveniently) were numbered 1 through 99, the median (or middle value) would be 50, the lower quartile would be 25 (25 percent of the responses would be below 25), and the upper quartile would be 75 (25 percent of the responses would be above 75). Fifty percent (or half) of the responses would fall between the lower and upper quartiles. (See chart below.)

"Why don't the amounts add to the totals?" The most important thing to remember is that *each line item is analyzed separately*. In the accompanying table (page 10) when all amounts are arranged sequentially, the median net income amount per seat for total sales is \$4,599. This figure is based on the 451 restaurants* that gave us information for this specific line item. The median net income (profit) amounts per seat for total food and beverage sales were \$5,700 and \$1,112 respectively. These two amounts were analyzed on a sample of 400 restaurants that gave us separate food sales and beverage sales figures (51 restaurants provided us with only the total for food and beverage sales, not separate food and beverage sales figures). Different sample sizes is one reason why figures do not add to the totals shown.

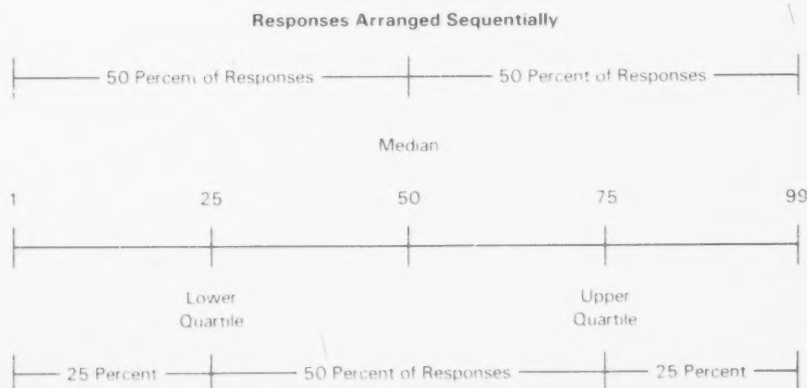
There is another major reason that columns do not total. When using medians, it is important to remember that

the median food sales, the median beverage sales and the median total sales figures reported probably represent the results for three separate restaurants. This also holds true for lower and upper quartile figures.

One more fact to remember when comparing a restaurant with those reported in this study is that it is not constructive to compare a whole column to your restaurant's results (the median column, for example). If your restaurant has roughly the same total sales as the median reported it may not be correct to follow through using median amounts for costs and expenses. Since each line is analyzed separately, one property may be close to the median in sales, but may have much higher or lower costs and expenses. There are certain factors such as type of restaurant, menu theme and region that may predetermine the costs and expenses and will automatically make a figure higher or lower than the median.

The proper way to compare a restaurant's results with those reported in this study is to first complete the worksheet provided in the back of this study. Then compare industry figures to your figures, line by line. Large variances may identify an area in an operation that requires closer analysis.

*The number used for sample sizes are representative and are not actual sample sizes.



UNDERSTANDING MEDIANS

(continued)

Net Income Differential

	Amount Per Seat			Ratio To Total Sales		
	Net Profit			Net Profit		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	\$2,196	\$3,700	\$5,442	69.6%	76.2%	85.3%
Beverage	527	1,112	1,747	16.5	24.3	30.8
Total Sales	2,863	4,599	7,030	100.0	100.0	100.0
Cost of Sales						
Food	786	1,469	2,258	33.9	39.2	42.9
Beverage	146	276	479	21.8	26.5	32.1
Total Cost of Sales	982	1,741	2,686	31.8	35.6	39.6
Gross Profit	1,877	2,920	4,460	60.0	64.2	67.9
Other Income	11	31	82	0.3	0.7	1.7
Total Income	1,953	2,957	4,517	61.2	64.7	69.3
Controllable Expenses						
Payroll	741	1,151	1,802	21.1	25.8	29.5
Employee Benefits	38	113	245	1.0	2.6	4.2
Direct Operating Expenses	125	257	430	3.7	5.4	7.0
Music & Entertainment	6	16	68	0.1	0.4	1.6
Advertising & Promotion	40	86	150	1.0	1.8	3.1
Utilities	96	145	202	2.3	3.0	4.0
Administrative & General	65	142	310	1.7	3.6	5.9
Repairs & Maintenance	43	73	136	1.1	1.7	2.4
Total Controllable Expenses	1,275	2,186	3,175	40.2	45.7	49.9
Income Before Occupation Costs	\$ 548	\$ 869	\$1,393	14.1%	19.5%	24.3%

SECTION A—FOOD ONLY RESTAURANTS

Profile of participants

The 195 restaurant operations included in this section of the study do not serve any alcoholic beverages. Results of these "food only" restaurants can vary significantly from the ones in Section B, those which serve alcoholic beverages, and are therefore reported separately to help operators compare operating results with those of similar type operations.

The highlights and characteristics presented to the right provide a profile of the typical participant based on appropriate measures of central tendency (arithmetic mean, median or mode). This information used in conjunction with the characteristics of the participating restaurants presented in Exhibit A-1 may be helpful when comparing operating results.

Highlights

- Median food sales per seat for food only restaurants was \$5,137 in 1984.
- Median food costs were \$1,904 per seat in 1984.
- The median check was \$3.44.
- Restaurant profit was 7.5 percent.
- Total sales per full-time equivalent employee were \$26,515.

Characteristics

- More than ten years old.
- Part of a privately owned corporation.
- Had sales volume under \$900,000 and operated at a profit.
- Had an average of 100 seats ranging from 8 to 1,250.
- Occupied 3,000 square feet of space.

Exhibit A-1
Composition of Participating Food Only Restaurants

Years in Business:	Percentage of Respondents	Sales Volume:	Percentage of Respondents
Under 5 Years	22.4%	Under \$450,000	41.0%
5 to 10 Years	16.7	\$450,000 to \$899,999	34.9
Over 10 Years	60.9	\$900,000 and Over	24.1
Type of Restaurant:			
Cafeteria	7.3%	Profit Versus Loss:	
Limited Menu—No Tableservice	37.5	Net Profit	80.4%
Full Menu—Tableservice	28.1	Net Loss	19.6
Limited Menu—Tableservice	9.9	Separate/Detached Building:	
Coffee shop	13.0	Yes	67.0%
All Others	4.2	No	33.0
Region:*			
Northeast	17.4%	Lease Versus Own:	
North Central	28.2	Own Land and Building	37.4%
South	26.7	Lease Land and Building	51.3
West	27.7	Own Land and Lease Building	0
Location:			
Urban	38.6%	Lease Land and Own Building	4.1
Suburban	43.4	Not Specified	7.2
Rural	18.0	Competition:	
Affiliation:			
Single Unit—Independent	44.6%	Intense	39.0%
Multi-Unit—Company Operated	29.7	Average	51.8
Multi-Unit—Franchisee Operated	18.0	Mild	9.2
Not Specified	7.7	Ownership:	
Meals Served:			
Breakfast and Lunch Only	3.7%	Sole Proprietorship	17.4%
Lunch and Dinner Only	34.0	Partnership	5.7
Dinner Only	2.6	Public Corporation	8.7
All Meals	58.1	Private Corporation	68.2
Not Specified	1.6	Menu Theme:	
Menu Theme:			
Breakfast and Lunch Only	3.7%	American	23.0%
Lunch and Dinner Only	34.0	Hamburgers/Subs	9.2
Dinner Only	2.6	Chicken	9.7
All Meals	58.1	Italian/Pizza	6.2
Not Specified	1.6	Bakery/Ice Cream	6.2
Menu Theme:			
Breakfast and Lunch Only	3.7%	Ethnic	7.2
Lunch and Dinner Only	34.0	All others**	32.3
Dinner Only	2.6	Not Specified	6.2
All Meals	58.1		
Not Specified	1.6		

*Northeast: CT, ME, MA, NH, NJ, NY, PA, RI, VT.
North Central: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI.
South: AL, DC, DE, FL, GA, KY, LA, MD, MS, OK, NC, SC, TN, TX, VA, WV.
West: AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY.

**Includes steak, steak and seafood, continental, Irish, specialty sandwiches/salad bar, regional, pancake, deli.

The restaurant industry dollar

The restaurant industry dollar presented in Chart A-1 on the next page provides a weighted average analysis of the source and distribution of funds for 1983 and 1984 in restaurants not serving alcoholic beverages. Since all restaurants analyzed in this section do not serve alcoholic beverages, the overwhelming majority of revenue is derived from food sales. Typically, revenue generated from sources other than food sales is less than 2 percent of total revenue. As shown in the pie charts on the next page, 98.5 percent of all revenue received in this year's sample came from food sales.

For every dollar received, an average of 34.5 cents was spent on the cost of food sold, a decrease from last year's cost of sales of 35.8 cents. Other noticeable declines in expenses during 1984 were rent, interest and depreciation. Offsetting these declines were increases in payroll costs and administrative and general expenditures.

The large declines in the proportion of total sales allocated to occupation costs, interest and depreciation enabled income before income taxes to rise to 10.3 cents of every dollar received, up from 8.2 cents during 1983.

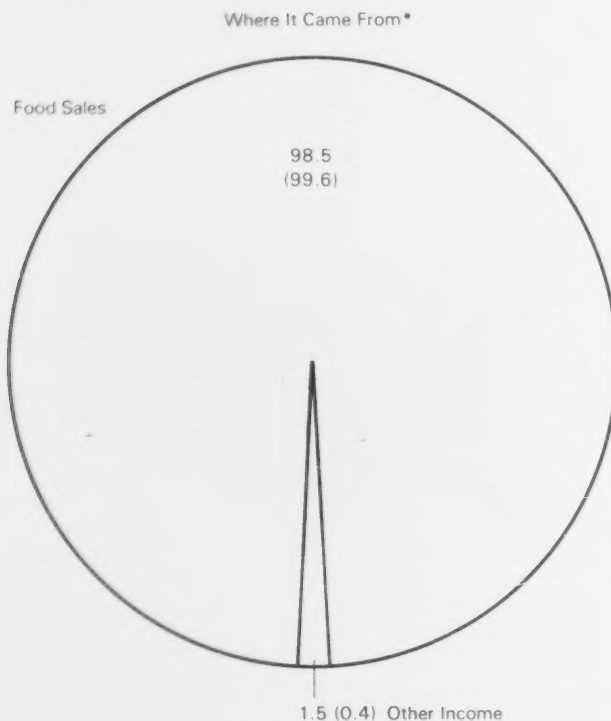
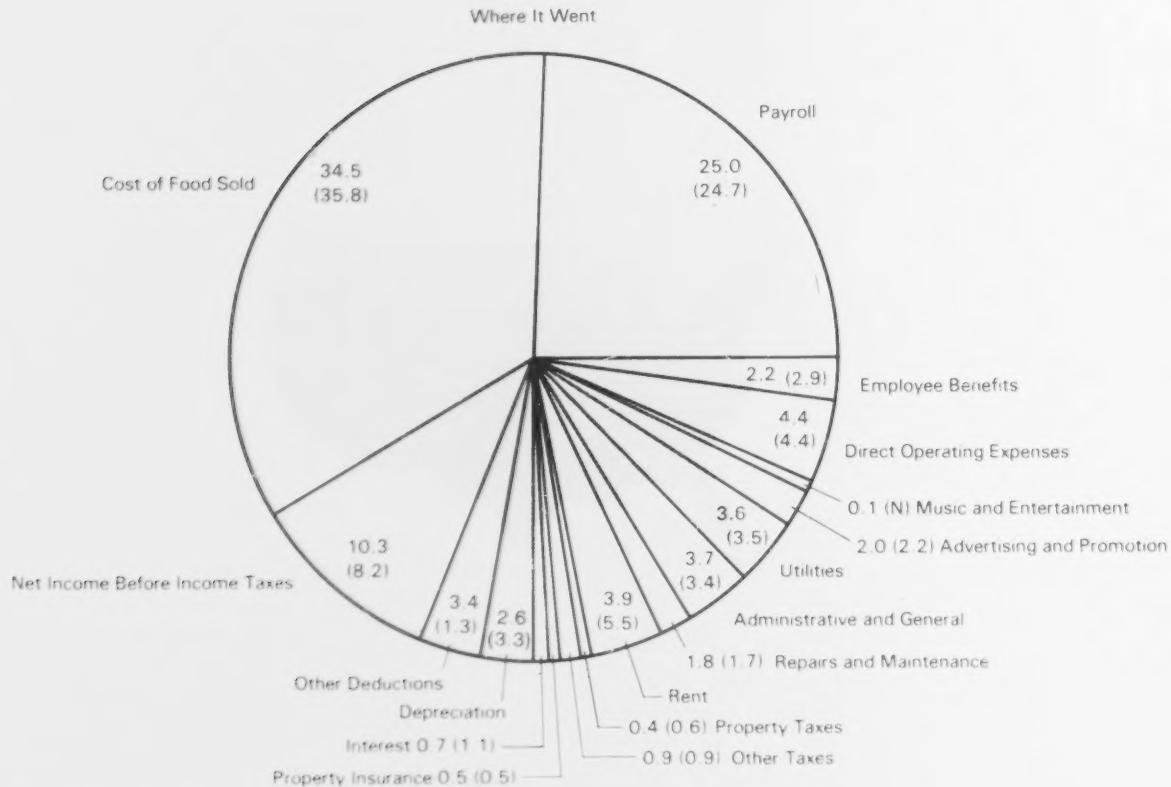


Chart A-1: The Restaurant Industry Dollar
Food Only Restaurants



* All figures are weighted averages. 1983 results in parentheses.

N—Less than 0.1 percent.

Average check

Exhibit A-2 presents the median average check for all food only restaurants as well as for selected categories, where the sample size permitted analysis. The median average check for the entire sample was \$3.44, approximating the \$3.48 average in the prior year. The upper and lower quartiles were \$2.65 and \$4.66 respectively. This means that one-half of all respondents reported an average check between \$2.65 and \$4.66 for 1984. For a complete explanation of medians and quartiles, please refer to the Understanding Medians section on page 9. Categories of food only restaurants with median average checks over \$4.00 were chicken, Italian/pizza, full menu—tableservice and limited menu—tableservice restaurants. Restaurants serving breakfast and lunch only reported a median check of \$1.87, the lowest median of those presented.

Exhibit A-2 Food Only Average Check

	Lower Quartile	Median	Upper Quartile
All Restaurants	\$2.65	\$3.44	\$4.66
Age			
Under 5 Years	\$2.03	\$3.25	\$4.45
5 to 10 Years	2.84	3.83	4.43
Over 10 Years	2.75	3.44	5.21
Location			
Urban	\$2.49	\$3.22	\$4.39
Suburban	2.79	3.76	5.63
Rural	2.14	3.27	4.43
Meals Served			
Breakfast & Lunch Only	\$1.01	\$1.87	\$4.05
Lunch & Dinner Only	2.46	3.45	4.66
Dinner Only	••	••	••
All Meals	2.74	3.33	4.43
Menu Theme			
American	\$2.77	\$3.20	\$3.76
Hamburgers/Subs	2.01	2.73	3.20
Chicken	3.53	4.53	5.16
Italian/Pizza	3.43	4.09	9.47
Bakery/Ice Cream	1.90	2.74	2.96
Ethnic	2.21	3.07	3.71
Region			
Northeast	\$2.80	\$3.57	\$5.35
North Central	2.26	2.88	3.97
South	2.68	3.75	5.52
West	2.70	3.41	4.82
Type of Restaurant			
Cafeteria	\$3.17	\$3.51	\$4.59
Limited Menu—No Tableservice	2.03	3.21	4.09
Full Menu—Tableservice	2.96	4.35	7.00
Limited Menu—Tableservice	2.73	4.30	5.55
Coffee Shop	2.74	2.85	3.33

••Insufficient number of restaurants reporting data

Average daily seat turnover

The figures shown in Exhibit A-3 reflect the average number of times that each seat is used per day during the year. The median for the entire sample was 4.7 times, with half of all restaurants reporting turnover between 2.5 and 8.0 times daily. This represents an increase over 1983's median turnover of 3.8, when half of all responding restaurants had a seat turnover between 2.3 and 7.3.

Not surprisingly, limited menu—no tableservice (fast food) restaurants had a relatively high turnover rate of 8.4. In terms of menu specialty, ethnic restaurants (11.5) and hamburger restaurants (5.8) had a relatively high average daily seat turnover.

Exhibit A-3 Food Only Average Daily Seat Turnover

	Lower Quartile	Median	Upper Quartile
All Restaurants	2.5	4.7	8.0
Age			
Under 5 Years	2.8	6.4	10.3
5 to 10 Years	3.2	5.5	8.0
Over 10 Years	2.3	4.1	7.1
Location			
Urban	3.1	5.5	12.0
Suburban	2.4	4.1	8.1
Rural	2.1	4.5	7.0
Meals Served			
Breakfast & Lunch Only	1.9	2.9	9.2
Lunch & Dinner Only	3.2	5.7	10.5
Dinner Only	**	**	**
All Meals	2.5	4.5	7.3
Menu Theme			
American	2.4	3.8	5.4
Hamburgers/Subs	5.1	5.8	17.7
Chicken	4.3	7.8	12.2
Italian/Pizza	**	8.0	**
Bakery/Ice Cream	**	4.8	**
Ethnic	7.5	11.5	17.2
Region			
Northeast	2.0	4.6	7.3
North Central	2.4	3.4	5.1
South	2.3	4.1	9.1
West	3.3	7.3	11.5
Type of Restaurant			
Cafeteria	2.6	3.3	4.0
Limited Menu—No Tableservice	5.2	8.4	12.9
Full Menu—Tableservice	1.2	2.9	4.7
Limited Menu—Tableservice	1.8	2.8	5.4
Coffee Shop	3.4	4.9	6.8

**Insufficient number of restaurants reporting data

Exhibit A-4
Food Only
Net Income Differential

	Amount Per Seat					
	Net Profit			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	\$3,564	\$5,134	\$9,904	\$2,309	\$3,579	\$8,234
Total Cost of Sales	1,253	1,917	3,401	841	1,292	3,147
Gross Profit	2,292	3,414	6,507	1,556	2,201	5,321
Other Income	13	34	80	2	16	43
Total Income	2,326	3,414	6,593	1,557	2,217	5,547
Controllable Expenses						
Payroll	954	1,460	2,568	802	1,273	2,533
Employee Benefits	49	131	323	26	68	168
Direct Operating Expenses	120	205	384	114	190	455
Music & Entertainment	2	7	29	3	8	27
Advertising & Promotion	41	109	212	35	110	364
Utilities	159	239	366	127	197	340
Administrative & General	88	179	284	69	170	630
Repairs & Maintenance	55	102	167	41	98	157
Total Controllable Expenses	1,613	2,541	4,099	1,357	1,880	3,869
Income Before Occupation Costs	593	1,065	2,290	42	336	639
Occupation Costs						
Rent	157	248	544	75	278	464
Property Taxes	17	33	66	11	30	60
Other Taxes	7	128	223	17	87	161
Property Insurance	16	34	62	13	22	53
Total Occupation Costs	189	381	679	111	349	589
Income Before Interest & Depreciation	360	645	1,723	(108)	14	197
Interest	11	69	199	29	60	161
Depreciation	69	140	305	51	158	302
Net Income Before Other Deductions	198	466	1,170	(354)	(92)	(20)
Other Deductions	25	124	496	20	97	1,666
Net Income (Loss) Before Income Taxes	\$ 145	\$ 435	\$ 906	\$ (521)	\$ (195)	\$ (76)
Other Data						
Average Receipt Per Cover	\$ 2.75	\$ 3.45	\$ 5.00	\$ 2.51	\$ 3.57	\$ 4.64
Average Daily Seat Turnover	2.53	4.43	7.95	1.55	3.78	7.33
Productivity Index	3.07	3.62	4.42	2.62	3.09	3.84

N—Less than 0.1 percent

Ratio to Total Sales

Net Profit			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
30.4	34.2	36.8	34.7	36.1	37.1
63.2	65.8	69.6	62.9	63.9	65.3
0.2	0.6	1.5	0.1	0.4	1.8
62.3	65.8	69.5	60.8	63.8	65.3
20.8	25.7	29.8	23.3	31.5	36.6
1.0	2.0	4.3	0.7	1.9	5.0
2.7	4.1	5.9	3.2	5.0	7.9
N	0.1	0.4	0.1	0.1	0.9
0.9	2.1	3.2	1.1	2.8	6.2
2.7	3.8	4.9	3.9	4.9	7.4
1.5	3.2	5.8	2.4	5.3	8.9
1.1	1.6	2.5	1.3	1.8	3.1
37.8	43.6	49.8	45.3	55.0	61.2
15.2	20.5	26.9	1.8	7.8	18.5
3.2	5.0	7.0	2.3	5.5	8.0
0.3	0.6	1.0	0.4	0.8	1.1
0.2	1.9	3.5	0.3	3.3	4.1
0.3	0.6	1.0	0.5	0.7	1.8
4.4	6.4	9.4	3.6	6.7	11.1
8.1	12.8	19.1	(4.4)	0.5	6.7
0.3	1.1	2.7	0.5	1.4	4.1
1.7	2.4	3.8	1.9	3.0	5.2
4.9	9.2	15.8	(10.2)	(3.3)	(0.5)
0.6	1.4	4.4	0.5	3.1	13.4
4.4%	7.9%	12.5%	(13.4)%	(4.8)%	(2.2)%

Net income

Exhibit A-1 compares the operating results of food only restaurants that reported a net profit with those that reported a net loss for 1984. Figures are shown as amounts per seat and as ratios to total sales. The number of seats used in the calculations equals the total of all seats in the restaurant: dining room, bar or lounge, and banquet seats (if any), and this is consistent throughout this report. Results must be analyzed by both ratios shown because looking at only one ratio may yield inaccurate conclusions.

The amount per seat analysis shows higher sales and expenses for most items for the net profit group compared with the net loss group. This raises the question of why expenses were so high that many operations lost a large amount of money per seat. The ratios to total sales data help readers locate the areas in which their expenses were high compared with sales volume.

As a ratio to total sales, the median cost of sales for the net loss group was 5.6 percent higher than that of the profit group. After other sources of income were added, the profit group was already retaining a significant margin over the loss group 65.8 percent versus 63.8 percent. In all cases but two—employee benefits and music and entertainment—the operations with losses had a higher median expense as a percent of total sales than those operations reporting a profit.

Other measures illustrating the differences in profitability are shown at the bottom of the exhibit: average receipt per cover, average daily seat turnover and the productivity index. The management of profitable operations reported a higher seat turnover and productivity than unprofitable ones, offsetting the fact that they have slightly lower average receipts per cover. This shows that higher menu prices alone do not guarantee financial success.

Earnings ratio

Earnings, as reported after other deductions and before income taxes, as a ratio to total sales, are shown in Exhibit A-5. Half of all food only restaurants in this survey reported their earnings ratio between 0.8 percent and 11.3 percent, significantly below last year's range of 4.3 percent to 15.2 percent. All other results presented reflected performance equal to or less than last year's.

Those operations that own their land and building reported the highest earnings ratio presented, at 9.6 percent, no change from last year. Cafeterias and limited menu—no tableservice (fast food) restaurants had the highest median earnings ratios by type of operation.

Cost of sales

The prime cost of a restaurant operation and its two components—the cost of sales and all payroll expenditures, including employee benefits—is presented in Exhibit A-6 by several categories as well as for the entire sample. For the entire group of food only restaurant operations, the median total prime cost was 63.2 cents for every dollar of sales, 2.5 percent less than last year's cost. Individually, median cost of sales and payroll expenditures were lower than last year's respective reported values.

Of those costs presented, limited menu operations with tableservice had the highest prime costs, with a median of 70.4 cents of each dollar of sales, and ethnic restaurants had the lowest, 55.8 cents of every dollar.

Total sales versus total cost of sales

The following eight graphs show the relationships between total food sales versus total food costs by selected criteria. These graphs are designed to simplify interpretation of the data. Throughout

Exhibit A-5 Food Only Earnings Ratio

	Lower Quartile	Median	Upper Quartile
All Food Only Restaurants	0.8%	6.2%	11.3%
Age			
Under 5 years	0.3%	6.6%	10.4%
5 to 10 year	2.8	9.3	15.3
Over 10 years	0.4	5.2	11.3
Location			
Urban	2.7%	6.7%	11.6%
Suburban	0.2	5.1	12.1
Rural	N	6.5	10.3
Lease Land and Building	0.4%	5.5%	9.3%
Own Land and Building	0.8%	9.6%	13.8%
Restaurant Occupies:			
Separate or Detached Building	1.3%	6.2%	10.8%
Attached Building	0.4	6.2	12.6
Type of Restaurant			
Cafeteria	4.2%	8.2%	11.9%
Limited Menu—No Tableservice	4.6	7.3	14.1
Full Menu—Tableservice	(1.5)	3.0	8.2
Limited Menu—Tableservice	(0.2)	3.8	11.1
Coffee Shop	0.4	6.4	9.9

N—Less than 0.1 percent.

the following highlights, references made to other exhibits are provided for additional insight to the data presented.

- Limited menu—no tableservice restaurants generally had the highest median total sales of \$8,611 (Chart A-3) and also the highest median average seat turnover of 8.4 (Exhibit A-3). Both of these figures almost double those of the others. These two factors, along with having the lowest median prime cost of 57.1 cents per revenue dollar (Exhibit A-6), were the primary reasons these restaurants had the highest median profit of all types of restaurants at \$1,029 (Exhibit A-18).

- When the location of the restaurant is considered, those establishments located in suburban areas generally performed above the others with median total sales per seat of \$6,210 (Chart A-5). Urban properties showed \$5,881, and those situated in rural areas were well below that with median sales per seat of \$3,885.

- Those restaurants that are multi-unit franchise operated had median total sales per seat of \$8,839—substantially higher than for restaurants that are multi-unit company operated and single-unit independent with reported total sales per seat of \$6,347 and \$4,091 respectively.

- Restaurants located in the Western region had total sales per seat of \$8,531, which was significantly higher than for those establishments located in the other regions (Chart A-8). Additionally, the average daily seat turnover for the restaurants situated in the West was also noticeably higher at 7.3, while seat turnover for the others ranged from 3.4 to 4.6 (Exhibit A-3).

- Chart A-9 displays comparisons of the various menu themes and the median sales and total sales per seat of each. Ethnic oriented restaurants have the highest reported total sales of \$13,218, followed by chicken and Italian/pizza establishments with median total sales per seat of \$11,646 and \$10,000 respectively. Those that cater toward American food generally performed the lowest at \$4,664, with hamburger/sandwich places slightly above with total sales of \$5,932.

Exhibit A-6

Food Only

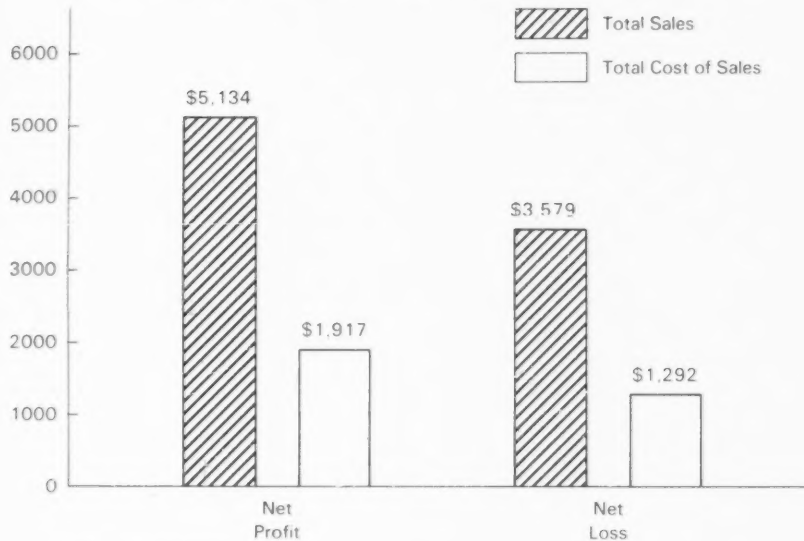
Cost Per Dollar of Sales*

	Total Cost of Sales	Total Payroll	Prime Cost
All Food Only Restaurants	34.4¢	28.5¢	63.2¢
Type of Restaurant			
Cafeteria	32.6¢	37.1¢	70.1¢
Limited Menu—No Tableservice	35.6	23.6	57.1
Full Menu—Tableservice	34.2	31.5	65.1
Limited Menu—Tableservice	39.5	27.6	70.4
Coffee Shop	33.4	29.0	62.8
Location			
Urban	34.2¢	29.2¢	62.3¢
Suburban	34.3	27.6	62.2
Rural	36.2	29.6	66.8
Profit Versus Loss			
Net Profit	34.2¢	27.9¢	61.4¢
Net Loss	36.1	30.8	65.9
Ownership			
Sole Proprietorship	37.7¢	26.0¢	64.1¢
Partnership	**	**	**
Public Corporation	33.6	22.8	56.4
Private Corporation	34.2	29.0	63.9
Meals Served			
Breakfast & Lunch Only	**	**	**
Lunch & Dinner Only	35.3¢	26.2¢	58.3¢
Dinner Only	**	**	**
All Meals	34.2	30.5	64.3
Menu Theme			
American	33.9¢	31.5¢	65.9¢
Hamburgers/Subs	36.5	27.6	64.8
Chicken	35.1	22.5	57.0
Italian/Pizza	30.0	24.4	56.2
Bakery/Ice Cream	34.2	28.5	62.7
Ethnic	35.8	22.0	55.8

*All amounts are medians.

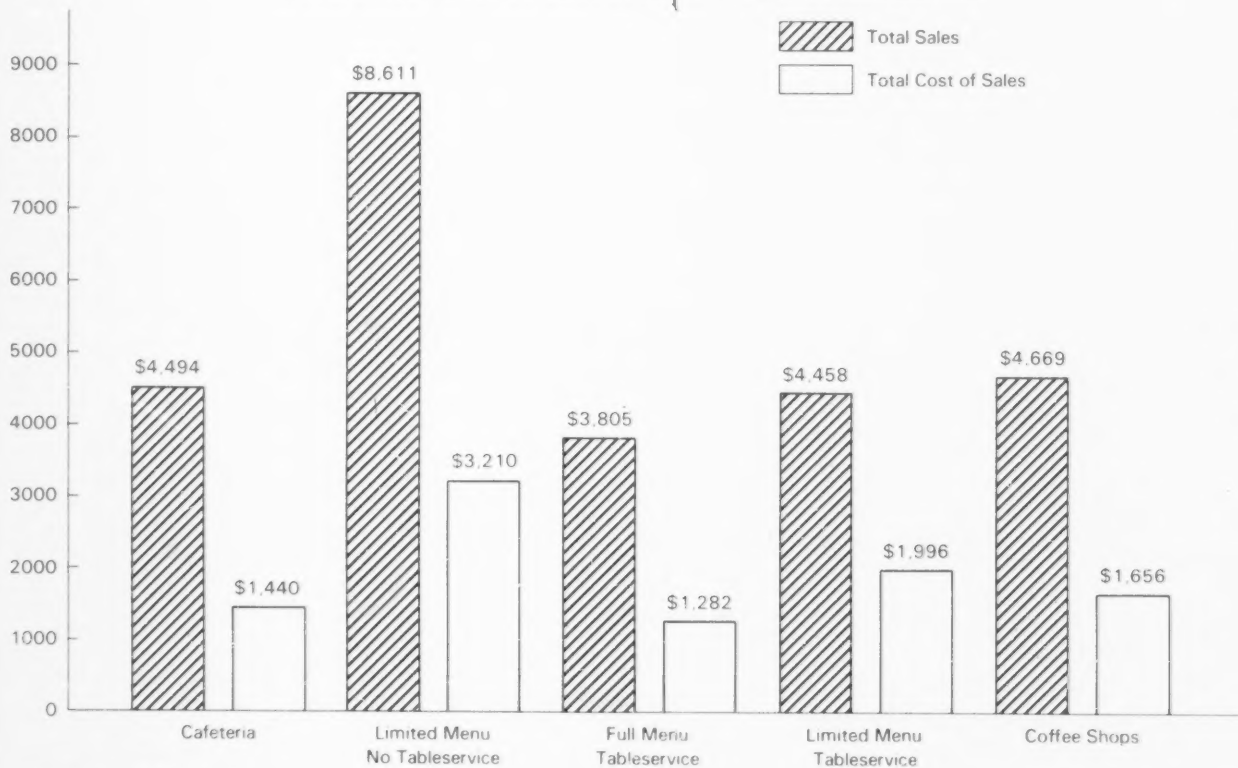
**Insufficient number of restaurants reporting data

Chart A-2
Amount Per Seat*
Food Only
Total Sales vs. Total Cost of Sales—Net Profit or Loss



*All amounts are medians.

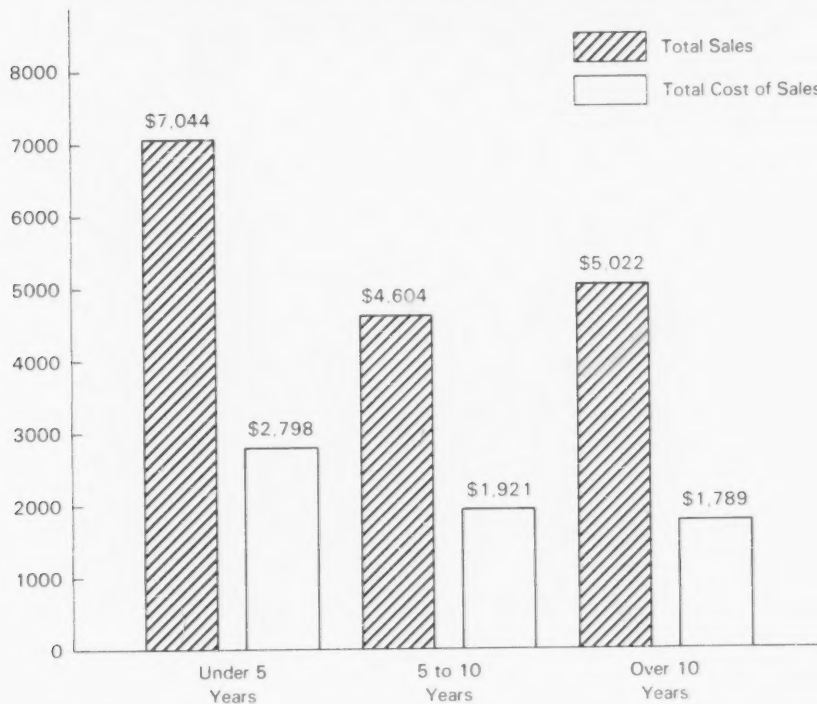
Chart A-3
Amount Per Seat*
Food Only
Total Sales vs. Total Cost of Sales—Type of Restaurant



*All amounts are medians.

Chart A-4
Amount Per Seat*
Food Only

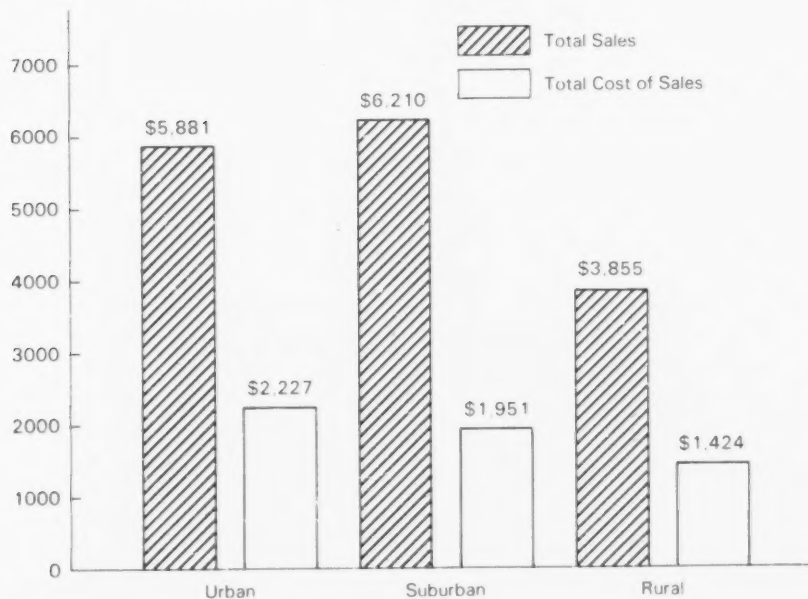
Total Sales vs. Total Cost of Sales—Years in Business



*All amounts are medians.

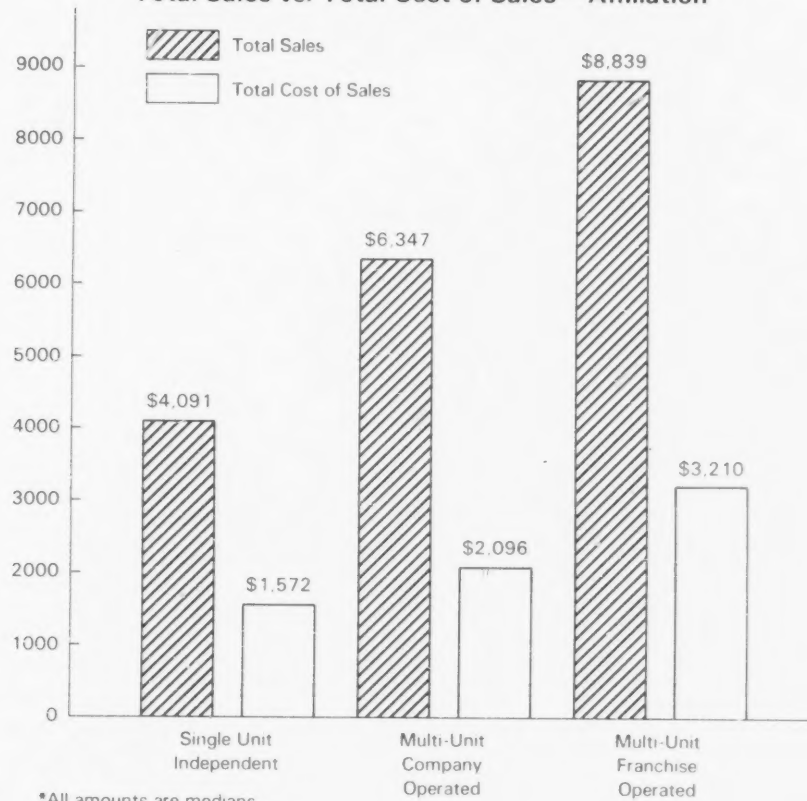
Chart A-5
Amount Per Seat*
Food Only

Total Sales vs. Total Cost of Sales—Location



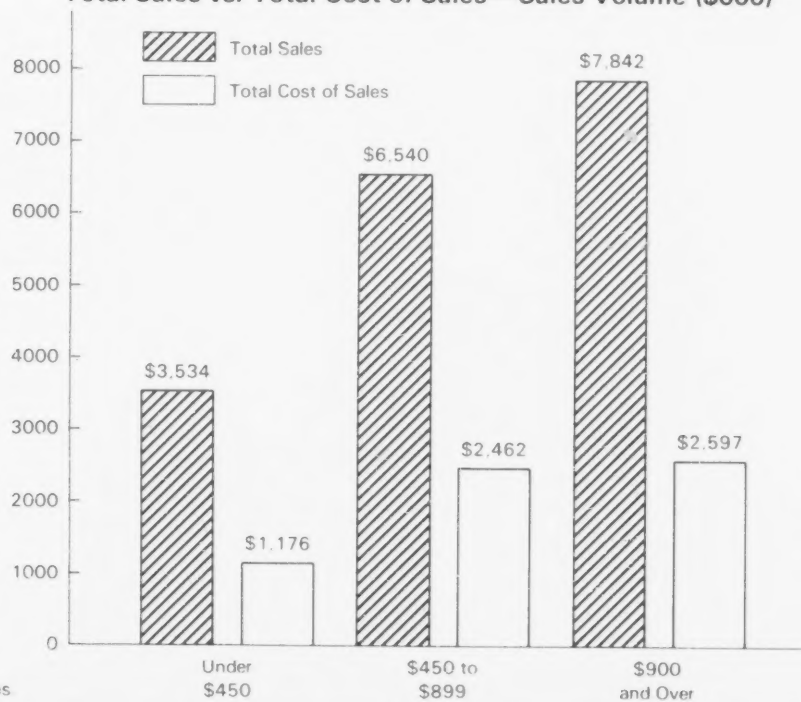
*All amounts are medians.

Chart A-6
Amount Per Seat* Food Only
Total Sales vs. Total Cost of Sales—Affiliation



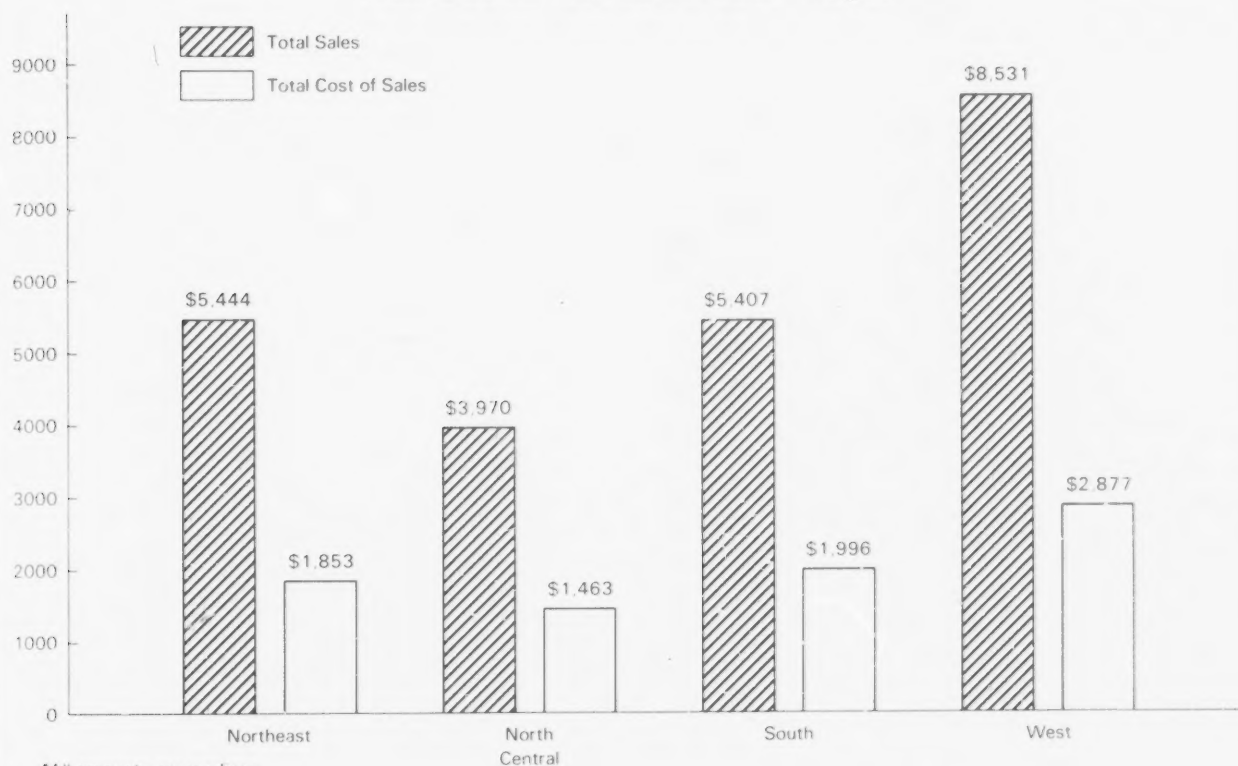
*All amounts are medians.

Chart A-7
Amount Per Seat* Food Only
Total Sales vs. Total Cost of Sales—Sales Volume (\$000)



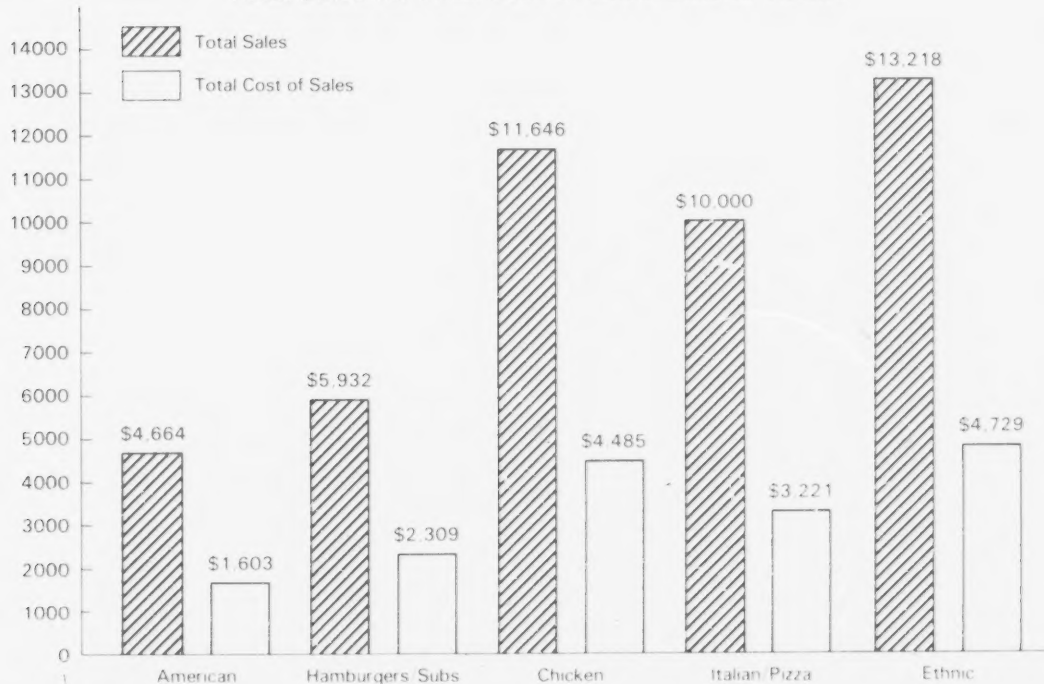
*All amounts are medians.

Chart A-8
Amount Per Seat* Food Only
Total Sales vs. Total Cost of Sales—Region



*All amounts are medians.

Chart A-9
Amount Per Seat* Food Only
Total Sales vs. Total Cost of Sales—Menu Theme



*All amounts are medians.

Employee data

The figures presented in Exhibit A-7 depict the staffing levels of those food only restaurant operations providing the detail. The median number of total employees in this year's survey was 26, up from last year's 25 employees. By type of restaurant, cafeterias and coffee shops again employed the largest number, 45 and 57 respectively. On the basis of the number of full-time equivalent employees (FTE) per 100 restaurant seats, the limited menu-no tableservice operations employed 25.3, an increase from 1983's figure of 21.7.

The median total sales per full-time equivalent employee was \$26,515, an increase compared with 1983. Cafeterias and limited menu-no tableservice operations had the highest sales per FTE in 1984, and also spent the most on payroll expenditures per FTE.

Exhibit A-7
Food Only
Analysis of Employee Data*

	Restaurants Reporting			Location			Type of Restaurant				
	Total	Net Profit	Net Loss	Urban	Suburban	Rural	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service	Coffee Shop
Number of Employees Per Restaurant											
Full-Time	9	10	6	10	9	10	26	5	16	5	8
Part-Time (20-35 Hours)	8	9	8	10	8	7	13	8	8	9	14
Part-Time (Less Than 20 Hours)	6	6	5	5	6	6	4	5	5	3	10
Total	26	26	25	28	25	25	45	18	32	16	37
Full-Time Equivalent Employees											
Total	20.6	20.5	19.5	21.3	20.4	18.5	35.6	13.5	26.3	14.0	27.5
Per 100 Restaurant Seats	22.1	22.4	18.8	22.1	23.0	19.5	12.8	25.3	22.0	18.5	21.0
Per 100 Average Daily Covers	4.6	4.5	5.0	4.1	4.5	5.3	4.0	2.6	5.9	5.3	4.5
Total Sales Per Full-Time Equivalent Employee	\$26,515	\$26,592	\$22,381	\$26,936	\$27,374	\$22,739	\$33,434	\$34,444	\$20,639	\$26,592	\$23,801
Payroll Per Full-Time Equivalent Employee	\$ 7,735	\$ 7,790	\$ 7,282	\$ 8,220	\$ 7,998	\$ 6,259	\$11,491	\$ 8,723	\$ 6,577	\$ 6,563	\$ 6,818
Index of Productivity	3.51	3.62	3.09	3.45	3.55	3.59	2.72	4.12	3.18	3.64	3.36

*All amounts are medians and do not necessarily add to totals shown.

Occupancy costs

All fixed costs, occupancy, interest and depreciation, are presented in Exhibit A-8 for all operations and by type, location and region of the country. Limited menu-tableservice operations had the highest rent costs per seat, \$500, and rural locations the lowest, \$85.

Special analysis

Exhibits A-9 through A-14 provide a detailed look at results for different types of restaurants in the industry. Providing a cross tabulation of two different categories allows operators to identify results of

restaurants similar to their own facilities. All figures are presented as amounts per seat and as ratios to total sales. Profit before occupation costs and restaurant profit are presented in these special cross tabulations by the following categories:

- Franchise versus Organization
- Location versus Type of Restaurant
- Sales Volume versus Age of Operation

To use these six exhibits, locate the characteristics that best describe your restaurant on the appropriate table (one row and one column), then find the intersection. The upper portion of each box presents the amount per seat, while the lower portion shows the percentage of total sales. For example, to identify restaurant profit for coffee shops in urban locations, refer to Exhibit A-12. Where

column 5 and row 1 intersect, the reader finds that restaurant profit as an amount per seat is \$502 and 8.7 percent of total sales.

Totals for each category analyzed are also presented for comparison purposes. The intersections of the totals for each category reflect the results of the total sample of food only restaurants.

Due to insufficient response, Exhibits A-15 and A-16 have been omitted from this year's report. These exhibits cross referenced menu theme and sales volume for both profit before occupation costs and restaurant profit. These figures for amount per seat and ratio to total sales for menu theme can be found in Exhibits A-26 and A-27. We hope to include them again in next year's publication.

Exhibit A-8

Food Only

Occupancy Costs, Interest and Depreciation—Amount Per Seat*

	Type of Restaurant						Location			Region			
	Total	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service	Coffee Shop	Urban	Suburban	Rural	North-east	North Central	South	West
Rent	\$280	\$212	\$500	\$233	\$153	\$246	\$319	\$298	\$ 85	\$229	\$201	\$298	\$470
Property Taxes	33	**	57	28	26	33	34	41	26	56	33	27	33
Other Taxes	118	13	196	30	143	140	143	70	120	136	140	46	34
Property Insurance	34	13	47	22	38	34	35	40	38	43	26	30	40
Interest	77	**	109	80	33	**	104	71	73	86	96	28	116
Depreciation	142	69	278	116	105	133	144	153	116	147	127	92	251

*All amounts are medians.

**Insufficient number of restaurants reporting data.

Summary

Exhibits A-17 through A-27 present summary income statements for the total sample of food only restaurant operations and for subsets of the total by: type of restaurant, age of restaurant, location, affiliation, sales volume, region and menu theme. All results are presented as amounts per seat and ratios to total sales.

Looking at the range for each line in these exhibits, half of the results lie between the lower and the upper quartiles presented. In most cases, where insufficient response is indicated, this is largely due to no response from participating restaurants on seat information rather than an insufficient sample size. Please refer to the Understanding Medians section on page 9 for an in-depth explanation of how to use these exhibits.

Exhibit A-9

Food Only

Cross Tabulation of Profit Before Occupation Costs

Amount Per Seat and Ratio to Total Sales*

By Franchise and Type of Organization

Amount Per Seat Ratio to Total Sales		Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	\$1,094	\$1,529	\$1,475
		19.0%	23.2%	22.4%
	Independent	\$ 661	\$1,100	\$ 801
		17.2%	19.0%	17.7%
	Total	\$ 688	\$1,200	\$ 947
		17.4%	21.8%	18.7%

*All amounts are medians.

Exhibit A-10

Food Only

Cross Tabulation of Restaurant Profit

Amount Per Seat and Ratio to Total Sales*

By Franchise and Type of Organization

Amount Per Seat Ratio to Total Sales		Organization		Total
		Single Unit	Multi-Unit	
Franchise	Franchisee	\$511	\$857	\$681
		6.8%	9.2%	8.7%
	Independent	\$236	\$419	\$312
		6.2%	9.1%	6.9%
	Total	\$255	\$607	\$346
		6.2%	9.1%	7.5%

*All amounts are medians.

Exhibit A-11

Food Only

Cross Tabulation of Profit Before Occupation Costs

Amount Per Seat and Ratio to Total Sales*

By Location and Type of Restaurant

Amount Per Seat Ratio to Total Sales		Type of Restaurant					Total
		Cafeteria	Limited Menu-No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Coffee Shop	
L o c a t i o n	Urban	**	\$3,548	\$521	**	\$1,230	\$1,062
		**	25.8%	14.6%	**	21.9%	18.9%
	Suburban	**	\$1,654	\$640	**	**	\$ 997
		**	25.4%	14.6%	**	**	20.4%
	Rural	**	**	\$599	**	**	\$ 745
		**	**	17.9%	**	**	17.9%
	Total	\$570	\$2,139	\$572	\$744	\$1,077	\$ 947
		16.2%	25.2%	16.8%	15.2%	18.9%	18.7%

*All figures are medians.

**Insufficient number of restaurants reporting data.

Exhibit A-12

Food Only

Cross Tabulation of Restaurant Profit

Amount Per Seat and Ratio to Total Sales*

By Location and Type of Restaurant

Amount Per Seat Ratio to Total Sales		Type of Restaurant					Total
		Cafeteria	Limited Menu-No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Coffee Shop	
L o c a t i o n	Urban	**	\$2,236	\$161	**	\$502	\$507
		**	15.4%	3.8%	**	8.7%	8.6%
	Suburban	**	\$ 906	\$ 97	**	**	\$310
		**	12.7%	2.8%	**	**	6.8%
	Rural	**	**	\$130	**	**	\$346
		**	**	4.4%	**	**	7.0%
	Total	\$315	\$1,029	\$114	\$198	\$322	\$346
		9.0%	12.5%	3.5%	5.3%	6.7%	7.5%

*All amounts are medians.

**Insufficient number of restaurants reporting data.

Exhibit A-13

Food Only

Cross Tabulation of Profit Before Occupation Costs

Amount Per Seat and Ratio to Total Sales*

By Sales Volume and Age of Operation

Amount Per Seat Ratio to Total Sales		Sales Volume			Total
		Under \$450,000	\$450,000 to \$899,999	\$900,000 and Over	
A g e	Under 5 Years	\$653	\$3,206	**	\$1,583
		21.3%	29.2%	**	23.0%
	5 to 10 Years	\$463	**	**	\$ 796
		20.4%	**	**	18.8%
	Over 10 Years	\$465	\$1,063	\$1,126	\$ 885
		16.8%	17.1%	17.6%	17.2%
	Total	\$495	\$1,132	\$1,421	\$ 947
		19.1%	18.9%	17.9%	18.7%

*All amounts are medians.

**Insufficient number of restaurants reporting data.

Exhibit A-14

Food Only

Cross Tabulation of Restaurant Profit

Amount Per Seat and Ratio to Total Sales*

By Sales Volume and Age of Operation

Amount Per Seat Ratio to Total Sales		Sales Volume			Total
		Under \$450,000	\$450,000 to \$899,999	\$900,000 & Over	
A g e	Under 5 Years	\$141	\$1,509	**	\$591
		6.5%	12.0%	**	8.9%
	5 to 10 Years	\$ 64	**	**	\$399
		2.7%	**	**	9.3%
	Over 10 Years	\$158	\$331	\$442	\$317
		6.5%	6.5%	7.1%	6.5%
	Total	\$139	\$457	\$784	\$346
		6.4%	7.9%	8.9%	7.5%

*All amounts are medians.

**Insufficient number of restaurants reporting data.

Exhibit A-17

Food Only

Statement of Income and Expenses—All Restaurants

	Amount Per Seat			Ratio to Total Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	\$3,478	\$5,137	\$9,085	100.0%	100.0%	100.0%
Total Cost of Sales	1,318	1,904	3,258	31.2	34.4	37.1
Gross Profit	2,124	3,344	5,992	62.9	65.6	68.8
Other income	8	25	74	0.2	0.5	1.4
Total Income	2,133	3,368	6,040	61.0	65.0	68.8
Controllable Expenses						
Payroll	929	1,425	2,533	21.7	26.2	31.0
Employee Benefits	44	112	306	1.0	1.9	4.0
Direct Operating Expenses	119	209	404	2.7	4.1	5.9
Music & Entertainment	2	7	29	0.1	0.1	0.4
Advertising & Promotion	39	109	225	0.9	2.2	3.3
Utilities	148	229	362	2.9	4.0	5.5
Administrative & General	74	169	302	1.8	3.2	6.0
Repairs & Maintenance	50	102	167	1.2	1.7	2.6
Total Controllable Expenses	1,555	2,498	3,927	38.3	45.4	54.3
Income Before Occupation Costs	458	947	1,821	12.9	18.7	25.7
Occupation Costs						
Rent	157	280	544	3.2	5.0	7.1
Property Taxes	17	33	66	0.3	0.6	1.0
Other Taxes	18	118	209	0.2	2.0	3.4
Property Insurance	17	34	63	0.3	0.6	1.1
Income Before Interest & Depreciation	198	554	1,441	5.7	11.4	18.7
Interest	20	77	190	0.5	1.4	3.1
Depreciation	69	142	307	1.7	2.7	4.1
Restaurant Profit	\$ 72	\$ 346	\$ 906	2.1%	7.5%	13.6%

Exhibit A-18

Food Only

Statement of Income and Expenses—Amount Per Seat*

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	\$2,823	\$4,494	\$8,615	\$4,045	\$8,611	\$14,868
Total Cost of Sales	832	1,440	2,582	1,564	3,210	5,301
Gross Profit	1,991	2,882	5,723	2,569	5,343	9,278
Other Income	**	74	**	15	38	101
Total Income	1,997	2,913	5,811	2,579	5,343	9,278
Controllable Expenses						
Payroll	1,115	1,425	2,283	1,144	2,177	2,884
Employee Benefits	41	160	264	25	126	373
Direct Operating Expenses	127	183	216	111	214	733
Music & Entertainment	**	**	**	6	7	29
Advertising & Promotion	11	24	39	112	229	775
Utilities	117	204	362	202	298	474
Administrative & General	49	121	275	50	201	695
Repairs & Maintenance	53	101	125	69	140	204
Total Controllable Expenses	1,642	2,541	\$3,393	1,916	3,491	5,323
Income Before Occupation Costs	400	570	2,290	649	2,139	4,794
Occupation Costs						
Rent	111	212	623	284	500	971
Property Taxes	**	**	**	31	57	91
Other Taxes	**	13	**	92	196	290
Property Insurance	7	13	38	25	47	93
Income Before Interest & Depreciation	183	387	1,565	363	648	1,084
Interest	**	**	**	30	109	254
Depreciation	45	69	153	155	278	475
Restaurant Profit	\$ 134	\$ 315	\$1,105	\$ 234	\$1,029	\$ 3,420

*All amounts are medians and do not necessarily add to the totals shown.

**Insufficient number of restaurants reporting data.

Type of Restaurant

Full Menu Tables service			Limited Menu Tables service			Coffee Shops		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$2,418	\$3,805	\$6,898	\$2,582	\$4,458	\$8,538	\$3,762	\$4,669	\$6,486
858	1,282	2,474	996	1,996	3,401	1,340	1,656	2,423
1,646	2,518	4,491	1,616	2,882	5,426	2,286	3,013	4,327
5	16	44	4	24	164	5	40	83
1,646	2,677	4,571	1,616	3,148	5,426	2,314	3,013	4,327
717	1,154	1,921	669	1,152	2,177	1,079	1,311	2,390
66	141	296	30	74	195	38	58	109
100	205	315	115	180	420	186	246	302
2	4	17	**	**	**	**	**	**
21	81	153	28	85	188	56	93	145
134	215	312	84	144	262	155	224	379
76	167	232	41	122	220	90	191	352
50	86	155	22	46	109	52	68	120
1,224	1,936	3,460	1,171	1,945	3,482	1,637	2,212	3,167
321	572	1,127	383	744	1,135	550	1,077	1,447
86	233	392	97	153	246	189	246	446
10	28	54	10	26	35	13	33	65
4	30	143	81	143	226	72	140	227
15	22	53	18	38	62	21	34	69
110	320	636	131	367	845	162	521	732
20	80	164	8	33	108	**	**	**
66	116	187	67	105	168	54	133	164
\$ (43)	\$ 114	\$ 486	\$ 36	\$ 198	\$ 746	\$ 138	\$ 322	\$ 732

Exhibit A-19
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	28.6	32.6	38.5	31.0	35.6	37.7
Gross Profit	61.5	67.4	71.4	62.3	64.4	69.0
Other Income	**	1.3	**	0.2	0.5	1.6
Total Income	61.0	68.0	70.9	60.6	64.3	67.3
Controllable Expenses						
Payroll	30.0	32.0	36.8	19.7	22.5	26.2
Employee Benefits	0.7	4.5	5.7	0.5	1.7	3.3
Direct Operating Expenses	1.9	4.1	5.0	1.9	3.2	6.8
Music & Entertainment	**	**	**	0.1	0.1	0.4
Advertising & Promotion	0.2	0.5	0.7	1.3	3.0	6.0
Utilities	2.9	4.4	5.7	2.6	3.5	4.4
Administrative & General	0.7	3.0	6.3	1.2	2.7	6.8
Repairs & Maintenance	1.6	2.1	2.7	1.0	1.4	2.2
Total Controllable Expenses	41.2	49.6	56.5	34.1	40.6	47.9
Income Before Occupation Costs	13.1	16.2	25.4	17.4	25.2	30.7
Occupation Costs						
Rent	3.7	5.0	7.8	3.6	5.5	8.8
Property Taxes	**	**	**	0.3	0.6	0.9
Other Taxes	**	0.2	**	0.4	1.9	2.9
Property Insurance	0.2	0.3	0.7	0.3	0.6	0.9
Income Before Interest & Depreciation	7.7	11.0	17.4	10.1	17.6	24.8
Interest	**	**	**	0.5	1.5	2.9
Depreciation	1.0	1.7	4.1	1.9	2.8	4.2
Restaurant Profit	5.5%	9.0%	12.3%	6.5%	12.5%	21.7%

**Insufficient number of restaurants reporting data

Type of Restaurant								
Full Menu Tableservice			Limited Menu Tableservice			Coffee Shop		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
31.4	34.2	36.6	33.3	39.5	42.6	30.4	33.4	35.3
63.4	65.8	68.6	57.4	60.5	66.7	64.7	66.6	69.6
0.2	0.5	1.0	0.1	0.5	3.8	0.1	1.0	1.4
62.7	65.6	68.4	55.5	60.5	64.6	64.0	66.5	69.5
24.8	28.1	31.6	21.2	26.0	32.2	26.7	28.0	34.2
1.6	3.4	5.8	0.7	2.1	3.3	0.9	1.2	2.6
3.4	3.9	5.9	3.5	4.9	7.3	3.5	5.0	5.6
0.1	0.1	0.3	**	**	**	**	**	**
0.6	1.7	3.2	0.7	2.1	3.2	1.0	2.3	2.8
3.9	5.0	7.4	2.4	3.0	4.4	3.5	5.1	7.1
2.1	3.3	6.4	0.9	2.7	4.6	1.9	4.4	5.8
1.3	2.4	3.5	0.9	1.3	1.9	1.0	1.3	2.4
43.6	47.8	56.4	35.1	42.0	55.0	43.8	48.4	55.0
10.7	16.8	21.7	12.4	15.2	19.1	11.3	18.9	23.6
3.0	4.9	7.1	2.5	4.4	6.8	4.0	5.0	6.0
0.4	0.7	1.4	0.3	0.6	0.9	0.3	0.7	1.3
0.1	0.9	3.0	1.1	3.4	5.7	0.7	3.2	4.4
0.4	0.6	1.4	0.4	0.9	1.5	0.4	0.7	1.3
3.6	7.6	16.7	3.7	9.6	13.9	4.0	8.9	15.0
0.6	1.9	4.1	0.3	1.1	1.7	2.2	4.6	6.7
1.8	3.0	4.8	1.2	2.3	6.2	1.3	2.7	3.3
12.51%	3.5%	10.1%	1.6%	5.3%	11.7%	3.3%	6.7%	10.1%

Exhibit A-20
Food Only
Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	\$3,853	\$7,044	\$10,363	\$2,463	\$4,604	\$11,999	\$3,466	\$5,022	\$8,621
Total Cost of Sales	1,553	2,798	3,579	877	1,921	3,756	1,125	1,789	3,051
Gross Profit	2,310	4,531	6,876	1,583	3,035	8,037	2,116	3,275	5,494
Other Income	5	50	147	9	36	80	11	22	52
Total Income	2,310	4,539	6,939	1,584	3,091	8,046	2,133	3,325	5,550
Controllable Expenses									
Payroll	1,126	2,039	2,738	716	1,337	2,246	967	1,328	2,525
Employee Benefits	16	69	159	26	74	308	60	156	324
Direct Operating Expenses	134	216	614	75	180	268	120	208	397
Music & Entertainment	7	10	23	5	6	13	1	5	76
Advertising & Promotion	46	167	283	44	96	173	28	99	217
Utilities	129	294	365	146	211	337	150	223	366
Administrative & General	42	116	252	122	175	259	94	190	318
Repairs & Maintenance	31	114	163	46	104	187	56	101	167
Total Controllable Expenses	1,607	3,097	3,695	1,312	2,200	4,099	1,621	2,399	4,181
Income Before Occupation Costs	508	1,583	3,278	458	796	2,018	427	885	1,473
Occupation Costs									
Rent	233	544	801	97	180	502	157	257	442
Property Taxes	38	48	87	27	49	89	10	30	63
Other Taxes	28	127	264	74	148	219	7	81	214
Property Insurance	24	51	102	10	20	41	18	34	62
Income Before Interest & Depreciation	308	840	2,356	149	521	2,088	182	517	1,063
Interest	19	116	329	7	48	129	23	89	169
Depreciation	139	224	449	52	147	249	67	119	271
Restaurant Profit	\$ 71	\$ 591	\$ 1,972	\$ 67	\$ 399	\$ 1,589	\$ 56	\$ 317	\$ 771

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$3,611	\$5,881	\$11,404	\$3,531	\$6,210	\$9,701	\$1,999	\$3,855	\$7,000
1,214	2,227	3,782	1,161	1,951	3,544	880	1,424	2,575
2,224	3,442	7,866	2,281	3,850	6,505	1,270	2,341	4,523
6	23	57	6	31	85	9	27	80
2,226	3,442	7,875	2,318	3,873	6,570	1,344	2,440	4,591
1,098	1,831	2,757	938	1,494	2,570	640	1,061	1,817
57	143	298	43	108	309	35	92	196
131	242	456	99	196	420	100	190	299
4	7	29	1	8	27	2	5	69
39	125	336	46	131	240	17	60	152
161	233	376	146	262	370	123	190	274
88	192	500	62	169	280	41	114	233
46	112	201	59	104	190	38	81	124
1,671	2,581	4,539	1,610	2,802	3,939	1,200	1,583	3,152
499	1,062	3,278	460	997	2,132	317	745	1,322
182	319	663	163	298	536	24	85	429
13	34	71	25	41	88	9	26	32
10	143	227	8	70	161	46	120	215
14	35	62	20	40	69	17	38	62
283	623	2,343	179	500	1,565	181	525	944
23	104	196	14	71	169	13	73	187
67	144	311	90	153	347	49	116	332
\$ 165	\$ 507	\$ 1,614	\$ 36	\$ 310	\$1,062	\$ 7	\$ 346	\$ 683

Exhibit A-21
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	29.7	35.7	40.8	30.8	34.3	36.9	31.6	34.3	36.9
Gross Profit	59.2	64.3	70.3	63.1	65.7	69.2	63.1	65.7	68.4
Other Income	0.2	0.4	1.8	0.4	1.0	1.9	0.1	0.5	1.3
Total Income	59.3	64.2	70.4	62.0	64.7	68.9	61.8	65.2	68.3
Controllable Expenses									
Payroll	21.8	25.1	26.8	20.8	26.0	28.5	23.3	27.6	32.3
Employee Benefits	0.4	1.4	2.8	0.6	1.7	4.1	1.2	2.7	4.8
Direct Operating Expenses	2.2	3.7	6.0	1.9	4.2	5.9	2.9	4.1	6.7
Music & Entertainment	0.1	0.1	0.4	N	0.1	0.4	N	0.2	1.0
Advertising & Promotion	1.2	2.0	3.8	0.7	2.0	3.2	0.8	2.2	3.3
Utilities	2.5	3.5	4.4	2.4	3.9	6.4	3.3	4.4	5.7
Administrative & General	0.8	2.4	5.7	2.6	3.2	6.9	1.7	3.3	6.0
Repairs & Maintenance	0.6	1.3	1.8	0.9	1.4	2.5	1.2	2.0	3.0
Total Controllable Expenses	34.5	42.3	46.4	36.5	42.2	54.0	41.1	47.8	55.6
Income Before Occupation Costs	15.7	23.0	33.1	13.9	18.8	30.4	11.0	17.2	23.8
Occupation Costs									
Rent	4.8	7.2	10.3	2.8	5.0	5.9	2.6	4.9	6.5
Property Taxes	0.3	0.5	0.9	0.4	0.8	1.0	0.3	0.6	1.1
Other Taxes	0.5	2.6	3.8	1.0	2.3	4.4	0.1	1.8	3.3
Property Insurance	0.4	0.8	1.4	0.2	0.3	0.9	0.3	0.6	1.2
Income Before Interest & Depreciation	9.5	15.4	24.9	5.2	11.3	22.5	4.9	10.0	17.9
Interest	0.5	1.6	4.4	0.4	0.8	2.3	0.6	1.5	2.8
Depreciation	1.9	3.9	5.4	1.4	2.3	3.6	1.7	2.5	3.9
Restaurant Profit	1.9%	8.9%	22.1%	2.6%	9.3%	17.5%	1.1%	6.5%	12.4%

N—Less than 0.1 percent.

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
29.8	34.2	35.9	31.1	34.3	38.9	34.1	36.2	38.7
64.1	65.8	70.2	61.1	65.7	68.9	61.3	63.8	65.9
0.1	0.4	1.1	0.1	0.6	1.9	0.3	1.1	2.4
61.8	65.2	70.2	60.5	65.2	68.9	59.7	63.8	66.0
22.7	26.2	31.7	20.7	26.1	31.4	21.6	26.5	31.0
1.3	2.4	4.1	0.9	1.6	4.2	1.2	3.2	4.6
2.8	4.7	5.9	2.1	3.5	6.1	2.9	4.0	5.9
N	0.1	0.4	N	0.1	0.4	0.1	0.2	1.3
0.7	2.4	3.8	1.1	2.2	3.6	0.6	1.1	2.6
2.6	3.6	5.1	3.0	4.0	5.3	3.6	4.4	7.2
2.0	3.2	6.3	1.4	3.2	6.1	0.9	2.4	5.1
1.0	1.4	2.3	1.2	1.6	2.9	1.2	2.2	3.8
37.5	46.1	55.3	37.8	43.6	54.1	38.6	44.6	50.8
14.0	18.9	26.7	11.5	20.4	28.3	13.4	17.9	22.7
3.8	5.0	7.6	3.1	5.5	7.2	0.8	3.5	11.1
0.2	0.5	1.0	0.4	0.8	1.2	0.3	0.5	0.8
0.1	1.9	3.3	0.2	1.6	3.2	2.7	3.4	5.2
0.3	0.5	0.8	0.3	0.8	1.3	0.3	0.7	1.6
7.0	11.3	19.4	4.5	11.5	18.7	5.6	13.2	19.0
0.5	1.4	2.8	0.4	1.1	3.2	0.4	2.5	4.1
1.6	2.3	3.3	1.9	3.0	4.4	1.8	3.8	5.4
4.3%	8.6%	13.6%	0.9%	6.8%	16.5%	0.4%	7.0%	12.2%

Exhibit A-22

Food Only

Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	\$2,750	\$4,091	\$6,870	\$3,768	\$6,347	\$9,701	\$4,068	\$8,839	\$15,000
Total Cost of Sales	960	1,572	2,636	1,305	2,096	4,144	1,259	3,210	5,400
Gross Profit	1,755	2,507	4,299	2,619	4,066	6,617	2,625	5,426	9,600
Other Income	14	30	80	3	21	78	16	28	66
Total Income	1,756	2,523	4,438	2,619	4,245	6,752	2,667	5,426	9,600
Controllable Expenses									
Payroll	721	1,154	1,950	1,216	1,790	2,741	957	1,923	2,927
Employee Benefits	37	78	192	25	65	268	125	308	404
Direct Operating Expenses	101	206	322	161	214	346	86	197	991
Music & Entertainment	1	5	30	5	7	9	**	**	**
Advertising & Promotion	18	44	139	69	142	223	100	197	1,252
Utilities	122	187	256	181	284	366	223	340	536
Administrative & General	50	119	210	52	194	457	163	226	684
Repairs & Maintenance	32	74	119	59	114	182	103	162	413
Total Controllable Expenses	1,200	1,823	3,027	1,919	3,153	3,928	1,701	4,000	6,396
Income Before Occupation Costs	427	661	1,127	413	1,100	2,858	474	1,529	4,221
Occupation Costs									
Rent	98	178	356	186	322	653	242	403	1,092
Property Taxes	9	26	38	13	37	62	30	66	105
Other Taxes	24	125	192	3	81	209	5	92	286
Property Insurance	16	28	56	15	40	69	21	43	93
Income Before Interest & Depreciation	187	384	702	190	599	2,406	190	1,114	2,925
Interest	16	67	148	**	**	**	7	94	604
Depreciation	64	113	231	67	142	246	92	240	562
Restaurant Profit	\$ 51	\$ 236	\$ 511	\$ 132	\$ 418	\$2,231	\$ 95	\$ 857	\$ 2,398

**Insufficient number of restaurants reporting data.

Sales Volume (\$000)

Under \$450			\$450 to \$899			\$900 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$2,385	\$3,534	\$5,831	\$4,631	\$6,540	\$12,133	\$4,622	\$7,842	\$12,982
853	1,176	2,473	1,619	2,462	3,886	1,475	2,597	4,875
1,477	2,200	3,341	2,929	4,456	8,029	3,195	5,009	9,002
4	18	44	12	25	58	16	56	181
1,477	2,204	3,356	3,148	4,529	8,336	3,208	5,243	9,002
621	898	1,466	1,301	1,901	2,741	1,242	2,254	3,422
39	78	167	35	121	366	68	186	332
85	134	214	166	249	631	179	284	507
1	8	29	4	7	16	2	9	39
28	85	155	61	146	355	28	148	327
121	177	261	210	298	414	161	278	479
48	121	179	142	200	347	69	210	548
34	69	122	70	115	190	67	124	249
1,090	1,545	2,414	2,202	3,256	4,411	1,937	3,677	5,552
234	495	1,049	594	1,132	3,095	710	1,421	4,545
97	194	384	186	322	605	181	412	1,020
13	28	44	19	56	88	16	42	74
22	105	154	9	119	262	8	128	209
15	27	54	21	40	66	14	35	80
89	306	704	242	627	2,090	365	899	2,356
25	60	143	29	127	199	10	60	257
67	113	176	70	170	369	72	167	354
\$ 5	\$ 139	\$ 517	\$ 108	\$ 457	\$ 1,094	\$ 232	\$ 784	\$ 2,009

Exhibit A-23
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	32.0	35.2	39.0	31.3	35.3	37.9	30.3	31.9	34.5
Gross Profit	61.0	64.8	68.0	62.1	64.7	68.7	65.5	68.1	69.7
Other Income	0.3	1.0	2.0	0.1	0.3	1.3	0.2	0.5	0.8
Total Income	57.6	64.4	68.3	60.6	64.5	67.6	65.1	67.8	70.0
Controllable Expenses									
Payroll	23.7	27.2	32.2	22.3	26.9	32.3	19.8	23.1	26.3
Employee Benefits	1.0	2.3	3.9	0.2	1.2	2.8	1.7	3.9	5.7
Direct Operating Expenses	2.7	4.1	5.9	2.7	4.9	7.0	2.1	3.5	5.7
Music & Entertainment	N	0.2	0.9	N	0.1	0.2	**	**	**
Advertising & Promotion	0.5	1.2	2.3	1.0	2.7	3.2	1.7	3.8	6.4
Utilities	3.1	4.1	5.5	2.4	3.9	5.6	3.1	4.3	6.2
Administrative & General	1.3	2.8	5.0	1.4	3.2	8.3	2.2	4.6	7.2
Repairs & Maintenance	1.0	1.6	2.5	1.1	1.4	2.2	1.3	2.2	3.5
Total Controllable Expenses	37.9	43.6	51.5	36.5	47.0	55.4	39.4	45.5	55.3
Income Before Occupation Costs	13.5	17.2	23.0	9.8	19.0	30.6	13.3	23.2	28.3
Occupation Costs									
Rent	2.5	4.1	6.1	3.6	5.2	6.7	4.6	5.6	8.3
Property Taxes	0.3	0.6	0.9	0.2	0.5	0.9	0.5	0.8	1.1
Other Taxes	0.6	2.9	4.2	0.1	0.8	3.5	0.1	1.0	2.0
Property Insurance	0.3	0.7	1.5	0.3	0.6	1.2	0.3	0.5	0.7
Income Before Interest & Depreciation	5.6	9.9	17.0	4.7	11.5	24.7	6.0	15.4	20.2
Interest	0.5	1.4	3.3	0.2	0.9	5.1	0.5	1.0	2.3
Depreciation	1.9	3.1	4.7	1.4	2.2	3.0	2.0	3.2	4.0
Restaurant Profit	1.6%	6.2%	11.9%	3.2%	9.1%	23.1%	3.2%	9.2%	16.7%

**Insufficient number of restaurants reporting data.

N—Less than 0.1 percent.

Sales Volume (\$000)

Under \$450			\$450 to \$899			\$900 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
30.8	35.4	39.2	32.1	34.5	36.6	31.1	34.1	36.8
60.8	64.6	69.2	63.4	65.5	67.9	63.2	65.9	68.9
0.1	0.6	1.3	0.1	0.4	1.4	0.2	0.9	2.0
58.3	63.9	68.6	63.3	65.3	67.7	62.7	66.0	69.5
21.1	26.0	31.3	21.3	26.0	31.7	24.2	27.4	31.0
1.0	1.8	3.9	0.7	1.7	3.8	1.1	2.5	5.4
2.2	3.9	5.7	3.2	5.0	8.4	2.2	3.5	5.6
N	0.2	0.9	N	0.1	0.3	N	0.1	1.0
1.1	2.3	3.3	1.0	2.5	4.4	0.6	1.6	2.8
3.5	4.9	6.7	2.6	3.8	4.8	2.6	3.4	4.8
1.5	3.4	6.2	2.1	3.2	5.5	1.2	3.0	7.0
1.0	1.8	3.0	1.2	1.4	2.5	1.0	1.9	2.6
37.7	43.6	55.3	40.7	46.0	51.6	37.7	46.9	55.2
10.1	19.1	25.8	13.0	18.9	25.6	14.0	17.9	28.0
3.4	5.1	8.0	3.0	5.0	6.5	2.9	5.2	7.1
0.4	0.8	1.1	0.3	0.7	1.0	0.2	0.4	0.7
0.7	2.4	3.9	0.2	1.9	4.4	0.1	0.9	2.8
0.5	0.9	1.5	0.3	0.5	1.1	0.2	0.4	0.6
3.6	11.7	19.5	6.1	10.7	18.4	7.2	11.4	18.2
0.6	1.5	3.3	0.7	1.8	4.1	0.1	-0.7	1.7
2.2	3.4	4.8	1.8	2.4	3.8	1.2	2.1	3.8
0.4%	6.4%	13.6%	2.2%	7.9%	13.6%	4.7%	8.9%	14.1%

Exhibit A-24
Food Only
Statement of Income and Expenses—Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	\$3,534	\$5,444	\$9,006	\$2,765	\$3,970	\$5,941
Total Cost of Sales	1,272	1,853	3,065	953	1,463	2,448
Gross Profit	2,292	3,368	5,967	1,689	2,465	3,503
Other Income	7	38	117	2	16	46
Total Income	2,330	3,368	5,967	1,692	2,465	3,503
Controllable Expenses						
Payroll	870	1,341	2,708	717	1,222	1,546
Employee Benefits	42	78	190	38	69	120
Direct Operating Expenses	136	229	442	103	189	255
Music & Entertainment	**	**	**	2	5	16
Advertising & Promotion	35	113	235	32	89	146
Utilities	176	262	363	123	189	278
Administrative & General	64	129	304	69	153	241
Repairs & Maintenance	70	103	166	33	54	117
Total Controllable Expenses	1,565	2,243	4,263	1,214	1,881	2,539
Income Before Occupation Costs	594	957	1,774	336	616	1,091
Occupation Costs						
Rent	140	229	448	98	201	307
Property Taxes	24	56	72	10	33	66
Other Taxes	70	136	204	55	140	221
Property Insurance	15	43	114	16	26	62
Income Before Interest & Depreciation	188	656	1,352	181	354	634
Interest	22	86	167	33	96	192
Depreciation	75	147	224	67	127	198
Restaurant Profit	\$ 57	\$ 433	\$ 754	\$ (43)	\$ 188	\$ 466

**Insufficient number of restaurants reporting data.

Region

South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$3,481	\$5,407	\$8,771	\$4,682	\$8,531	\$13,275
997	1,996	3,158	1,861	2,877	4,704
2,101	3,846	5,259	2,567	5,460	8,554
11	39	140	6	19	58
2,122	3,891	5,836	2,567	5,472	8,547
956	1,448	2,578	1,380	2,197	2,884
76	176	332	33	149	361
155	211	414	90	234	497
1	12	40	6	7	39
24	90	217	42	173	489
130	223	372	198	294	474
55	190	596	108	189	320
66	114	237	65	148	206
1,642	2,796	3,861	2,053	3,328	5,322
449	967	1,583	590	1,430	4,221
143	298	631	239	470	800
6	27	67	27	33	82
2	46	170	6	34	270
16	30	57	18	40	68
86	457	1,452	367	938	3,159
8	28	188	14	116	228
57	92	326	115	251	434
\$ 74	\$ 315	\$1,031	\$ 150	\$ 704	\$ 2,601

Exhibit A-25

Food Only

Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	33.0	35.2	39.0	30.8	34.4	36.6
Gross Profit	61.0	64.8	67.0	63.4	65.6	69.2
Other Income	0.2	1.0	2.0	0.1	0.3	1.3
Total Income	62.1	65.3	67.8	60.0	64.6	67.8
Controllable Expenses						
Payroll	20.0	25.8	33.4	23.7	26.8	30.9
Employee Benefits	0.9	1.4	4.1	0.9	1.4	2.7
Direct Operating Expenses	2.8	3.9	5.5	3.4	4.5	6.3
Music & Entertainment	**	**	**	0.1	0.2	0.2
Advertising & Promotion	0.7	2.0	3.4	1.1	2.6	3.3
Utilities	3.4	4.4	5.7	3.1	4.5	6.4
Administrative & General	1.3	3.0	5.1	1.9	3.3	5.9
Repairs & Maintenance	1.1	1.9	3.1	1.0	1.3	2.3
Total Controllable Expenses	38.1	46.9	54.1	41.4	44.9	54.3
Income Before Occupation Costs	11.5	17.9	24.7	12.0	19.1	24.2
Occupation Costs						
Rent	2.7	3.8	5.9	3.0	5.0	7.9
Property Taxes	0.4	0.7	1.0	0.5	0.9	1.4
Other Taxes	0.5	2.5	3.8	2.3	3.3	4.7
Property Insurance	0.4	0.7	1.5	0.5	0.9	1.4
Income Before Interest & Depreciation	4.8	10.4	18.7	5.5	10.3	18.2
Interest	0.6	2.2	3.3	0.9	2.7	4.1
Depreciation	1.7	2.9	3.8	1.9	2.8	5.4
Restaurant Profit	0.9%	8.1%	11.9%	(0.6)%	6.2%	11.5%

**Insufficient number of restaurants reporting data.
N—Less than 0.1 percent.

Region

South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
29.9	34.3	40.1	30.4	34.3	35.9
59.9	65.7	70.1	64.1	65.7	69.6
0.2	0.9	1.9	0.1	0.3	0.5
59.0	64.1	70.2	63.8	65.2	69.6
23.4	26.7	31.5	19.8	24.8	30.3
1.7	3.0	5.4	0.4	2.2	4.0
2.2	3.5	7.7	1.9	4.2	5.9
0.1	0.3	1.0	N	0.1	0.8
0.9	1.8	3.3	1.0	2.3	6.3
2.6	4.0	4.8	2.6	3.5	5.3
1.8	3.0	7.1	1.5	3.4	5.6
1.2	1.9	2.8	1.1	1.7	2.8
38.0	46.9	55.4	35.5	42.3	50.2
10.4	17.1	25.0	15.3	23.5	30.8
2.6	5.2	7.1	4.5	5.4	7.7
0.3	0.4	0.7	0.3	0.6	1.0
0.1	1.0	2.7	0.1	0.7	2.0
0.2	0.4	1.0	0.3	0.5	0.8
3.9	10.5	17.7	7.9	14.9	25.2
0.2	0.5	1.0	0.5	1.6	3.8
1.2	2.1	4.0	1.9	2.9	4.2
2.1%	6.8%	13.9%	4.3%	10.1%	19.0%

Exhibit A-26
Food Only
Statement of Income and Expenses—Amount Per Seat

	Menu Theme								
	American			Hamburgers/Subs			Chicken		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	\$3,188	\$4,664	\$7,116	\$3,899	\$5,932	\$16,824	\$4,589	\$11,646	\$18,328
Total Cost of Sales	1,006	1,603	2,518	1,608	2,309	5,664	2,284	4,485	6,213
Gross Profit	2,200	3,146	4,478	2,501	3,341	10,780	2,413	7,203	12,116
Other Income	13	51	138	**	**	**	**	**	**
Total Income	2,207	3,325	4,609	2,513	3,356	10,780	2,424	7,203	12,116
Controllable Expenses									
Payroll	859	1,332	2,182	1,206	1,662	3,709	1,518	2,469	3,020
Employee Benefits	52	142	265	46	147	321	86	404	635
Direct Operating Expenses	110	212	319	99	318	965	89	186	419
Music & Entertainment	**	**	**	**	**	**	**	**	**
Advertising & Promotion	15	39	144	50	160	693	142	1,033	1,370
Utilities	155	223	334	153	244	485	323	447	713
Administrative & General	61	165	273	72	297	524	164	319	1,631
Repairs & Maintenance	48	98	140	61	148	321	115	201	536
Total Controllable Expenses	1,512	2,212	3,653	1,788	2,674	6,617	3,486	5,274	7,188
Income Before Occupation Costs	480	775	1,316	897	1,266	4,328	477	2,689	4,928
Occupation Costs									
Rent	141	196	412	321	484	1,129	284	453	1,270
Property Taxes	17	39	62	22	49	97	**	**	**
Other Taxes	15	130	213	48	196	230	55	262	305
Property Insurance	13	29	60	11	38	89	39	49	97
Income Before Interest & Depreciation	181	471	691	627	889	2,210	197	2,387	3,445
Interest	51	98	239	**	200	**	1	38	115
Depreciation	55	126	207	115	213	365	131	347	633
Restaurant Profit	\$ 81	\$ 322	\$ 543	\$ 205	\$ 514	\$ 1,444	\$ (5)	\$ 2,310	\$ 3,279

**Insufficient number of restaurants reporting data.

Menu Theme

Italian/Pizza			Bakery/Ice Cream			Ethnic		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$5,407	\$10,000	\$11,930	**	\$5,022	**	\$6,997	\$13,218	\$17,043
1,463	3,221	3,568	**	1,678	**	2,150	4,729	6,022
3,944	6,500	8,493	**	3,344	**	4,847	8,482	11,021
**	**	**	**	**	**	**	**	**
4,302	6,500	8,493	**	3,349	**	4,879	8,336	11,021
1,263	2,133	2,871	**	1,689	**	1,454	2,583	3,298
49	144	437	**	**	**	11	20	225
127	767	1,285	**	214	**	**	**	**
**	**	**	**	**	**	6	7	9
87	179	230	**	100	**	155	229	655
210	332	467	**	210	**	223	294	326
**	**	**	**	196	**	**	**	**
117	146	162	**	105	**	75	141	189
2,992	4,350	5,193	**	2,833	**	3,159	3,369	4,060
539	3,205	3,504	**	758	**	1,208	3,767	5,924
237	678	1,050	**	**	**	308	544	781
**	34	**	**	**	**	22	39	88
**	**	**	**	**	**	**	**	**
**	82	**	**	56	**	**	**	**
359	907	1,258	**	228	**	947	3,052	5,125
**	**	**	**	**	**	**	**	**
**	376	**	**	106	**	160	245	366
**	\$ 1,029	**	**	\$ 165	**	\$ 850	\$ 2,766	\$ 4,824

Exhibit A-27

Food Only

Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme								
	American			Hamburgers/Subs			Chicken		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	31.9	33.9	36.1	32.0	36.5	40.5	34.1	35.1	40.2
Gross Profit	63.9	66.1	68.1	59.5	63.5	68.0	59.8	64.9	65.9
Other Income	0.2	0.8	2.5	**	0.2	**	**	**	**
Total Income	63.1	65.8	69.3	59.7	63.3	67.3	55.3	61.4	65.8
Controllable Expenses									
Payroll	26.0	28.9	33.2	21.0	26.5	29.4	16.5	20.0	25.5
Employee Benefits	1.1	3.0	4.7	1.0	1.7	3.0	1.0	2.6	3.9
Direct Operating Expenses	3.0	4.2	5.9	1.5	2.2	8.1	0.7	2.2	5.5
Music & Entertainment	**	**	**	**	**	**	**	**	**
Advertising & Promotion	0.4	1.2	2.5	0.6	3.0	5.4	3.4	5.9	7.7
Utilities	3.7	4.9	6.2	2.7	3.4	4.2	3.0	3.9	4.5
Administrative & General	1.6	3.1	6.9	1.2	2.5	5.1	1.5	2.4	9.1
Repairs & Maintenance	1.1	1.8	3.2	1.3	1.8	2.7	1.2	2.0	3.0
Total Controllable Expenses	42.3	47.2	54.8	37.9	43.0	47.0	35.3	39.8	49.1
Income Before Occupation Costs	12.0	17.7	23.3	17.0	22.2	25.8	10.6	21.8	26.9
Occupation Costs									
Rent	3.1	5.0	6.0	5.0	6.5	11.6	2.4	4.0	6.9
Property Taxes	0.3	0.9	1.5	0.4	0.5	1.0	0.3	0.6	0.9
Other Taxes	0.3	3.2	4.7	0.7	2.4	3.9	0.6	1.9	2.2
Property Insurance	0.3	0.9	1.3	0.2	0.4	0.9	0.3	0.6	1.2
Income Before Interest & Depreciation	5.5	9.9	14.8	11.3	14.3	17.6	6.3	15.9	22.5
Interest	0.9	1.7	3.1	1.8	2.3	4.0	**	0.9	**
Depreciation	1.3	2.8	4.2	1.9	3.0	5.7	1.8	3.4	4.5
Restaurant Profit	3.3%	6.9%	11.3%	3.3%	8.6%	13.8%	2.1%	12.0%	18.7%

**Insufficient number of restaurants reporting data.
N—Less than 0.1 percent.

Menu Theme								
Italian/Pizza			Bakery/Ice Cream			Ethnic		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
29.4	30.0	35.0	**	34.2	**	35.3	35.8	36.6
65.0	70.0	70.6	**	65.8	**	63.4	64.2	64.7
**	**	**	**	**	**	**	**	**
65.6	70.3	71.4	62.7	65.8	69.0	63.4	64.3	64.5
21.2	23.0	23.3	23.2	31.0	34.8	19.0	21.6	25.6
1.0	2.3	3.9	**	1.4	**	0.1	0.1	1.9
2.8	3.7	10.6	2.7	3.9	5.1	**	**	**
**	**	**	**	**	**	N	0.1	0.1
1.0	1.9	3.2	1.4	2.7	3.2	1.2	2.9	5.8
2.9	3.9	4.3	2.8	4.2	5.5	2.0	2.4	3.5
1.8	5.2	11.3	3.1	4.3	5.3	**	**	**
1.0	1.4	1.8	1.0	1.5	2.5	0.9	1.2	1.4
36.7	42.2	45.0	37.4	49.5	55.3	23.8	29.8	48.2
21.8	29.3	33.1	8.1	16.8	25.5	22.5	34.3	40.8
3.0	8.3	9.0	3.7	5.3	10.7	4.1	5.0	5.6
0.3	0.7	0.9	**	**	**	0.2	0.3	0.6
**	**	**	**	**	**	**	**	**
**	0.8	**	**	0.6	**	**	**	**
15.4	18.2	22.5	1.1	8.7	17.8	13.8	27.6	35.2
**	1.2	**	**	**	**	**	**	**
3.0	4.4	6.0	1.5	2.7	3.7	1.6	1.9	2.9
0.2%	12.0%	18.4%	(1.1)%	6.3%	11.2%	11.2%	24.7%	33.4%

SECTION B--FOOD AND BEVERAGE RESTAURANTS

Profile of participants

Statistics from 523 food and beverage operators are represented in this section. The highlights and characteristics presented below give a profile of the typical participant based on the appropriate measures of central tendency (arithmetic mean, median or mode). This background information, when used in conjunction with the composite picture of the sample provided in Exhibit B-1 on the next page, may be helpful in comparing operating results.

Highlights

- Food sales were \$3,018 per seat while beverage sales accounted for \$923 per seat.
- Median food and beverage costs were \$1,515 per seat.
- The median check was \$10.00 and the average daily seat turnover was 1.2.
- Restaurant profit was 4.5 percent in 1984.
- Total sales per full-time equivalent employee was \$28,913 with a productivity index of 3.37.

Characteristics

- More than 5 years old.
- Part of a privately owned corporation.
- Operated a single unit, nonaffiliated full menu-tableservice restaurant at a profit.
- Had an average of 275 seats, ranging from 35 to 3,700.
- Occupied 6,000 square feet of spacing in a detached building.

Exhibit B-1

Composition of Participating Food and Beverage Restaurants

Years in Business:	Percentage of Respondents	Profit Versus Loss:	Percentage of Respondents
Under 5 Years	17.8%	Net Profit	70.7%
5 to 10 Years	29.5	Net Loss	29.3
Over 10 Years	52.7		
Type of Restaurant:		Separate/Detached Building:	
Full Menu—		Yes	66.9%
Tables/Service	75.4%	No	33.1
Limited Menu—			
Tables/Service	16.2	Lease Versus Own:	
Limited Menu—		Own Land and	
No Tables/Service	3.4	Building	46.1%
All Others	5.0	Lease Land and	
		Building	40.6
Region:†		Lease Land and	
Northeast	17.5%	Own Building	6.2
North Central	27.6	Own Land and	
South	29.5	Lease Building	0.6
West	25.4	Not Specified	6.7
Location:		Competition:	
Urban	43.0%	Intense	51.1%
Suburban	42.6	Average	40.1
Rural	14.4	Mild	8.8
Affiliation:		Ownership:	
Single Unit—		Sole Proprietorship	13.4%
Independent	55.6%	Partnership	8.6
Multi-Unit—		Public Corporation	10.1
Company		Private Corporation	67.9
Operated	28.7		
Multi-Unit—		Menu Theme:	
Franchisee		Steak/Seafood	34.4%
Operated	6.1	American	18.7
Not Specified	9.6	Continental*	12.8
Meals Served:		Italian	6.3
Breakfast and		Mexican	4.2
Lunch Only	1.2%	Pizza	2.7
Lunch and		Sandwiches/	
Dinner Only	58.9	Hamburgers**	4.8
Dinner Only	10.7	Regional	2.7
All Meals	27.2	All Others***	7.8
Not Specified	2.0	Not Specified	5.6
Sales Volume:			
Under \$750,000	38.8%		
\$750,000 to			
\$1,499,999	36.4		
\$1,500,000 and			
Over	24.8		

*Includes French and German

**Includes specialty sandwiches, salad bar, hamburgers, subs, deli

***Includes chicken, oriental, pancake house, bakery, coffee shops, ice cream parlors, barbecue, and all others not listed

†Regions

Northeast: CT, ME, MA, NH, NJ, PA, RI, VT

North Central: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI

South: AL, DC, DE, FL, GA, KY, LA, MD, MS, OK, NC, SC, TN, TX, VA, WV

West: AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY

The restaurant industry dollar

The source and distribution of the restaurant industry dollar for food and beverage restaurants is presented in Chart B-1. In 1984 food sales as a percent of total sales increased from 72 percent to 72.3 percent, while beverage sales decreased from 25.6 percent to 25.3 percent. Other income remained constant at 2.1 percent of total food and beverage sales.

Participating restaurants reported a slight increase in the cost of food sold between 1983 and 1984—28.6 percent, up from 27.9 percent. The portion of the food and beverage dollar allocated to the cost of beverages remained unchanged at 6.6 percent. For the fourth consecutive year the portion of the dollar allocated to payroll decreased, with payroll accounting for only 24.5 cents compared with 25.4 cents in 1983. The majority of expenses differ slightly. However, rent, depreciation and other deductions each had significant changes. Rent's share of the dollar decreased 1.4 cents, while depreciation and other deductions increased 1.3 cents and 2.8 cents respectively. These increases, along with the increase in food costs contributed to the decline in net income before income tax in 1984 to 2.7 cents from a higher 4.2 cents in 1983.

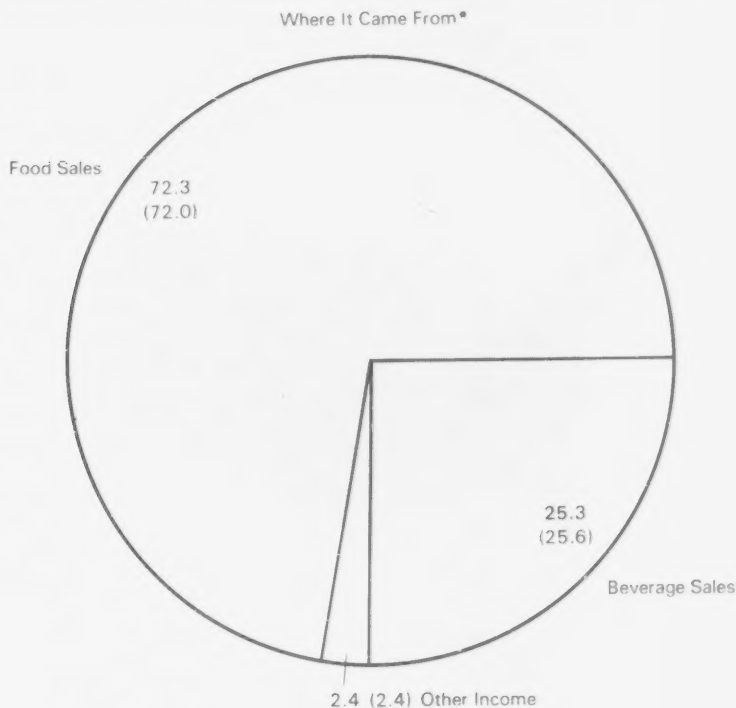
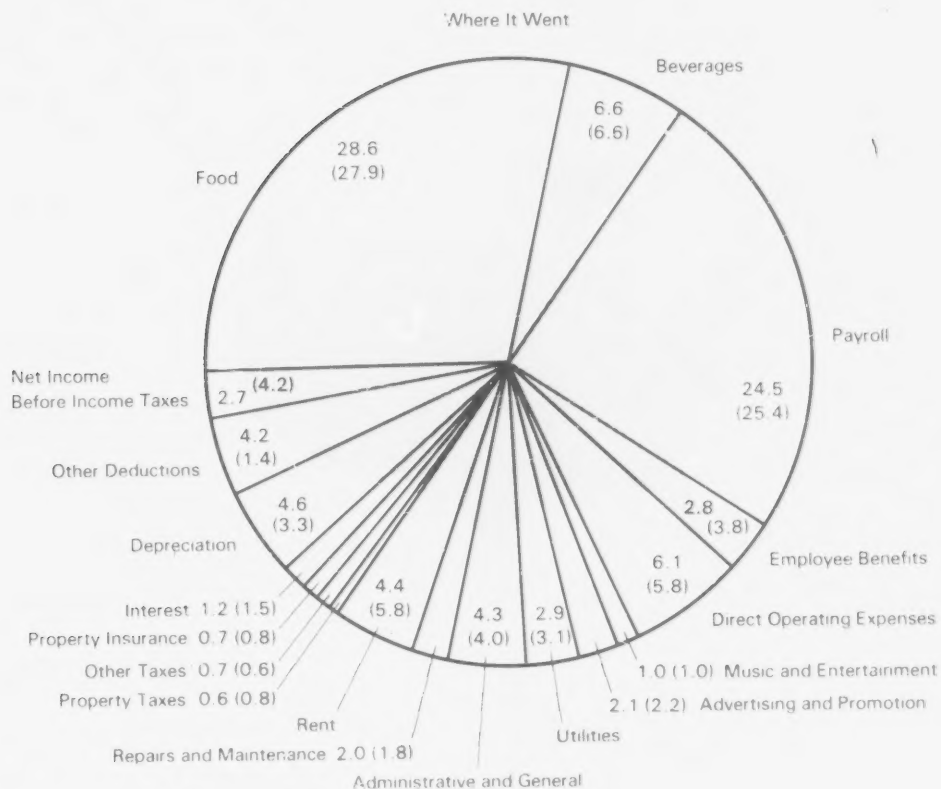


Chart B-1: The Restaurant Industry Dollar
Food and Beverage Restaurants



*All figures are weighted averages. 1983 results are in parentheses.

Average check

The median check for all food and beverage establishments this year is \$10.00, an increase of 12.8 percent compared with 1983's average of \$8.87. Half of the restaurants reported median checks between \$6.17 and \$14.83. (See page 9 for an explanation of medians).

Restaurants serving dinner only reported the highest average check—\$16.17. Establishments with a continental menu theme reported a median check of \$12.14. Not surprisingly, the sandwich/hamburger operations was the lowest check size of \$5.89. The age of the property had little effect on the average check, with only 50 cents separating the high and low median average checks. Also, according to the information received, customers in the West generally pay more for a meal (\$11.34) than customers in any other region, particularly the South where the average check was lowest (\$9.60).

Exhibit B-2 Food and Beverage Average Check

	Lower Quartile	Median	Upper Quartile
All Restaurants	\$ 6.17	\$10.00	\$14.83
Age			
Under 5 Years	\$ 6.05	\$10.19	\$13.64
5 to 10 Years	5.87	9.69	15.08
Over 10 Years	6.33	10.08	14.77
Location			
Urban	\$ 6.14	\$10.53	\$15.19
Suburban	6.18	9.96	14.54
Rural	6.53	8.70	13.59
Meals Served			
Breakfast & Lunch Only	**	**	**
Lunch & Dinner Only	\$ 6.37	\$10.16	\$14.76
Dinner Only	11.90	16.17	19.44
All Meals	5.19	7.39	11.22
Menu Theme			
Steak/Seafood	\$ 7.90	\$11.81	\$15.95
American	4.65	9.87	14.34
Continental	8.72	12.14	18.36
Italian	6.68	8.11	12.90
Mexican	5.19	8.00	11.12
Pizza	**	**	**
Sandwiches/ Hamburgers	4.40	5.89	6.83
Regional	3.91	6.15	11.63
Region			
Northeast	\$ 6.43	\$10.65	\$13.91
North Central	6.17	9.77	12.66
South	5.59	9.60	14.87
West	6.68	11.34	14.83

**Insufficient number of restaurants reporting data.

Average daily seat turnover

The median average daily seat turnover in 1984 for all establishments was 1.2, a decline from 1983's turnover of 1.4.

By menu theme, the highest average daily seat turnover naturally was found in the sandwich/hamburger restaurant category with 2.9, while continental restaurants, with a median turnover of only 0.8, reported the lowest.

Exhibit B-3 Food and Beverage Average Daily Seat Turnover

	Lower Quartile	Median	Upper Quartile
All Restaurants	0.7	1.2	2.1
Age			
Under 5 Years	0.7	1.2	2.0
5 to 10 Years	0.8	1.3	2.4
Over 10 Years	0.6	1.1	2.0
Location			
Urban	0.9	1.3	2.1
Suburban	0.7	1.3	2.2
Rural	0.4	0.8	1.2
Meals Served			
Breakfast & Lunch Only	**	**	**
Lunch & Dinner Only	0.8	1.4	2.1
Dinner Only	0.5	0.9	1.1
All Meals	0.5	1.1	2.3
Menu Theme			
Steak/Seafood	0.7	1.1	1.5
American	0.7	1.2	2.3
Continental	0.4	0.8	1.4
Italian	0.7	1.2	2.7
Mexican	1.3	1.9	3.8
Pizza	**	**	**
Sandwiches/ Hamburgers	1.7	2.9	4.2
Regional	0.9	1.5	3.7
Region			
Northeast	0.6	0.9	1.7
North Central	0.6	1.0	1.5
South	0.6	1.3	2.4
West	1.0	1.4	2.4
Type of Restaurant			
Full Menu Tableservice	0.6	1.1	1.6
Limited Menu Tableservice	1.0	1.4	2.4
Limited Menu — No Tableservice	1.6	4.0	5.4

**Insufficient number of restaurants reporting data

Exhibit B-4
Food and Beverage
Net Income Differential*

	Amount Per Seat					
	Net Profit			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	\$2,196	\$3,700	\$5,442	\$1,471	\$2,284	\$3,535
Beverage	527	1,112	1,747	374	676	1,125
Total Sales	2,863	4,599	7,030	1,854	2,902	4,633
Cost of Sales						
Food	786	1,469	2,258	584	843	1,351
Beverage	146	276	479	106	180	270
Total Cost of Sales	982	1,741	2,686	721	1,086	1,736
Gross Profit	1,877	2,920	4,460	1,170	1,810	3,139
Other Income	11	31	82	11	27	68
Total Income	1,953	2,957	4,517	1,384	1,949	3,323
Controllable Expenses						
Payroll	741	1,151	1,802	692	937	1,379
Employee Benefits	38	113	245	34	108	186
Direct Operating Expenses	125	257	430	111	211	315
Music & Entertainment	6	16	68	8	39	100
Advertising & Promotion	40	86	150	48	84	140
Utilities	96	145	202	83	126	200
Administrative & General	65	142	310	49	92	233
Repairs & Maintenance	43	73	136	40	75	118
Total Controllable Expenses	1,275	2,186	3,175	1,205	1,647	2,680
Income Before Occupation Costs	548	869	1,393	88	298	524
Occupation Costs						
Rent	123	225	398	91	189	305
Property Taxes	14	26	48	15	36	68
Other Taxes	9	27	103	11	48	127
Property Insurance	27	40	65	7	28	48
Total Occupation Costs	155	280	476	82	202	389
Income Before Interest & Depreciation	285	552	936	(93)	43	216
Interest	21	55	108	18	56	132
Depreciation	70	120	202	69	139	211
Net Income Before Other Deductions	135	330	667	(277)	(98)	(37)
Other Additions & Deductions	22	77	205	41	152	241
Net Income (Loss) Before Income Taxes	\$ 121	\$ 265	\$ 605	\$ (333)	\$ (152)	\$ (66)
Other Data						
Average Receipt Per Cover	\$ 6.07	\$ 9.95	\$14.96	\$ 5.60	\$ 8.04	\$11.53
Average Daily Seat Turnover	0.8	1.4	2.4	0.6	1.0	1.9
Productivity Index	3.08	3.55	4.19	2.64	2.96	3.45

*All ratios are based as a percent of total sales except food and beverage costs which are based on their respective sales

Net income

Ratio to Total Sales					
Net Profit			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
69.6%	76.2%	85.3%	69.1%	76.2%	82.5%
16.5	24.3	30.8	17.7	23.8	30.9
100.0%	100.0	100.0	100.0	100.0	100.0
33.9	39.2	42.9	36.2	39.3	43.3
21.8	26.5	32.1	23.1	26.9	29.9
31.8	35.6	39.6	33.3	35.7	40.0
60.0	64.2	67.9	60.4	64.2	66.8
0.3	0.7	1.7	0.4	0.8	2.0
61.2	64.7	69.3	60.9	65.1	68.9
21.1	25.8	29.5	27.2	31.6	34.5
1.0	2.6	4.2	1.4	3.1	4.1
3.7	5.4	7.0	4.8	6.8	8.6
0.1	0.4	1.6	0.4	1.3	3.0
1.0	1.8	3.1	1.7	2.6	3.7
2.3	3.0	4.0	3.0	4.2	5.7
1.2	3.6	5.9	1.6	3.3	7.2
1.1	1.7	2.4	1.6	2.3	3.7
40.2	45.7	49.9	49.1	56.3	64.0
14.1	19.5	24.3	4.1	9.1	15.0
3.0	5.1	6.6	3.0	5.5	8.7
0.3	0.6	1.0	0.5	1.1	2.5
0.2	0.8	2.6	0.3	2.5	4.1
0.5	0.9	1.4	0.4	0.9	1.7
3.9	6.6	8.7	3.7	7.6	10.9
7.2	12.1	18.4	(4.3)	1.4	5.4
0.4	1.2	2.4	0.6	1.7	4.2
1.7	2.7	3.9	2.4	4.1	7.5
3.6	7.8	12.8	(9.8)	(3.3)	(1.2)
0.5	1.8	4.5	1.6	5.7	7.9
2.8%	6.4%	11.1%	(13.9)%	(5.5)%	(1.7)%

Exhibit B-4 summarizes and contrasts income and expenses for food and beverage restaurants reporting either a net profit or net loss during 1984. Net profit properties had median total sales per seat of \$4,592, nearly \$1,700 more than the \$2,902 for net loss properties. However, much of this \$1,700 difference is not carried down to the bottom line: Approximately \$1,000 separates the median total income for net profit versus net loss properties. Controllable expenses make up a larger portion of total costs for the net income establishments; however, because total income is considerably lower for the net loss properties than for profitable operations, the median income before occupational costs for net loss properties is \$298 compared with \$869 for net profit operations. As a ratio to total sales, income before occupation costs for unprofitable operations was 9.1 percent, considerably lower than the 19.5 percent calculated for net profit operations.

There was a slight difference (0.1 percentage point) between the median ratios for total cost of sales for the two types of operations, and this can be deceiving. Comparisons should be made to the amount per seat side of this exhibit because this 0.1 difference translates into approximately \$650 per seat more for net profit operations. The major difference occurred in controllable expenses. With only one exception, administrative and general, median expenses were at least one half of a percentage point higher, with the median amount for payroll expenses 5.8 percentage points higher for properties that lost money during the year. Fixed charges were also generally higher, with property insurance being the only exception. Overall total controllable expenses were 10.6 points higher for net loss operations.

Earnings ratio

The median earnings ratio to total sales for all restaurants in 1984 was 3.5 percent, down 1.1 percentage points from 1983, but the same as 1982's ratio.

Limited menu—no tableservice restaurants recorded the best median ratio at 5.5 percent, and rural establishments the lowest at 2.2 percent. In the age category, the newer properties (opened less than 5 years) had the largest fluctuation between upper and lower quartiles—12.6 percent. Restaurants that own the land and lease their buildings showed the least fluctuation of all properties, only 3.7 percent.

Exhibit B-5 Food and Beverage Earnings Ratio

	Lower Quartile	Median	Upper Quartile
All Restaurants	(1.0)%	3.5%	9.4%
Age			
Under 5 Years	(2.2)%	3.7%	10.4%
5 to 10 Years ¹	(1.0)	4.7	9.5
Over 10 Years	(0.4)	3.1	8.3
Location			
Urban	(1.6)%	3.6%	8.5%
Suburban	(0.5)	3.8	10.3
Rural	(2.4)	2.2	7.5
Own Land & Building	(1.6)%	2.8%	7.3%
Lease Land & Building	0.1%	4.7%	10.8%
Lease Land & Own Building	(0.6)%	3.8%	8.5%
Own Land & Building Leased	(0.7)%	2.7%	3.0%
Restaurant Occupies:			
Separate or Detached Building	(0.2)%	3.9%	9.4%
Attached Building	(1.9)	2.7	9.4
Type of Restaurant			
Full Menu — Tableservice	(0.4)%	3.2%	8.5%
Limited Menu — Tableservice	(4.4)	3.7	10.8
Limited Menu — No Tableservice	1.8	5.5	10.7
All Others	0.2	4.3	18.7

Cost of sales

For the second consecutive year, the median prime cost decreased for all food and beverage restaurants. Even though the food cost increased 0.2 of a percentage point from 1983, beverage costs and total payroll costs dropped sufficiently lower, allowing a 0.3 percentage point decrease for total prime cost.

Establishments specializing in Mexican food had by far the lowest median beverage cost at 21.4 cents, which contributed toward the lowest median prime cost of 56.8 cents. Pizza restaurants had the next lowest prime cost of 60.9 cents.

High payroll costs of almost 34.0 cents per revenue dollar contributed toward the prime cost for net loss operations of 70.3 cents.

Total sales versus total cost of sales

The eight graphs in this section analyze total food and beverage sales versus total food and beverage costs by selected criteria. These graphs should make interpretation of these data easier. In the following highlights, the references made to other exhibits may provide additional insight to the data presented.

- Limited menu—no tableservice restaurants had the highest median total sales of \$5,073 (Chart B-3) and also the highest median average seat turnover of 4.0 (Exhibit B-3). These two factors, along with having the lowest median prime cost of 63.3 cents per revenue dollar (Exhibit B-6), were primarily responsible for this group reporting the highest median restaurant profit of all types of restaurants at \$457 (Exhibit B-18).

- There is relatively no difference in sales or total cost of sales for urban and suburban establishments (Chart B-5); however, the median for total sales is more than \$2,000 lower for rural properties than for urban or suburban ones.

- Restaurants operated by multi-unit companies tended to have a significantly higher total sales per seat at \$5,500 than restaurants operated by single-unit independent or multi-unit franchises, which had medians of only \$3,916 and \$2,779 respectively (Chart B-6).

- The West had by far the highest

median total sales amount per seat of \$6,279 (Chart B-8), but the average daily seat turnover (Exhibit B-3) was only slightly higher than the other regions: 1.4 compared with a range of 0.9 to 1.3 in other regions of the U.S.

- Chart B-9 shows comparisons of menu themes, with sandwich/hamburger

operations at the top of the group with median total sales per seat of \$5,020. Restaurants with Italian and regional themes performed slightly below this, with sales of \$4,932 and \$4,848 respectively. Sandwich/hamburger places also had the highest median average daily seat turnover with 2.9 (Exhibit B-6).

Exhibit B-6 Food and Beverage Cost Per Dollar of Sales*

	Food**	Beverages**	Total Cost of Sales	Total Payroll	Prime Cost
All Food & Beverage Restaurants	39.4c	26.5c	35.8c	30.0c	66.4c
Location					
Urban	38.8c	26.2c	35.1c	29.9c	65.5c
Suburban	39.5	26.0	36.4	30.0	66.5
Rural	40.7	29.0	38.3	29.2	67.0
Menu Theme					
Steak/Seafood	42.6c	25.7c	37.8c	29.0c	67.3c
American	38.9	26.9	35.6	32.1	68.7
Continental***	38.0	26.7	34.6	33.8	66.8
Italian	35.2	28.5	32.5	28.3	61.0
Mexican	31.1	21.4	28.6	28.4	56.8
Pizza	30.5	29.7	30.8	27.4	60.9
Sandwiches/Hamburgers****	40.6	28.8	35.2	28.0	63.9
Regional	37.0	26.5	33.2	29.3	65.2
Ownership					
Sole Proprietorship	40.0c	30.0c	36.7c	29.6c	67.7c
Partnership	38.8	26.7	34.8	29.7	66.4
Public Corporation	36.9	26.0	33.8	34.4	68.7
Private Corporation	40.1	26.0	36.0	29.5	65.4
Profit Versus Loss					
Net Profit	39.2c	26.5c	35.6c	28.4c	64.0c
Net Loss	39.3	26.9	35.7	33.8	70.3
Type of Restaurant					
Full Menu—Tableservice	39.5c	26.0c	36.0c	30.1c	66.7c
Limited Menu—Tableservice	39.6	27.1	35.8	27.5	64.3
Limited Menu—No Tableservice	34.0	29.7	33.9	27.0	63.3
All Others	34.4c	29.3c	33.4c	34.9c	70.6c

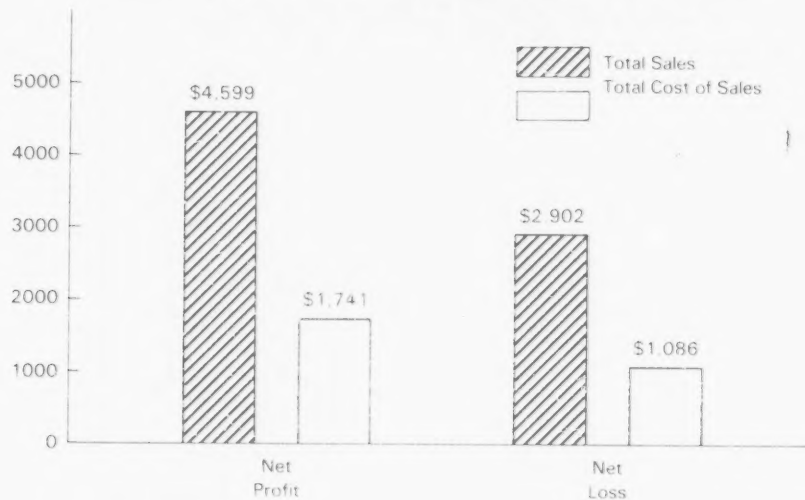
*All amounts are medians and do not necessarily add to totals shown.

**Based on individual department sales.

***Continental includes French & German.

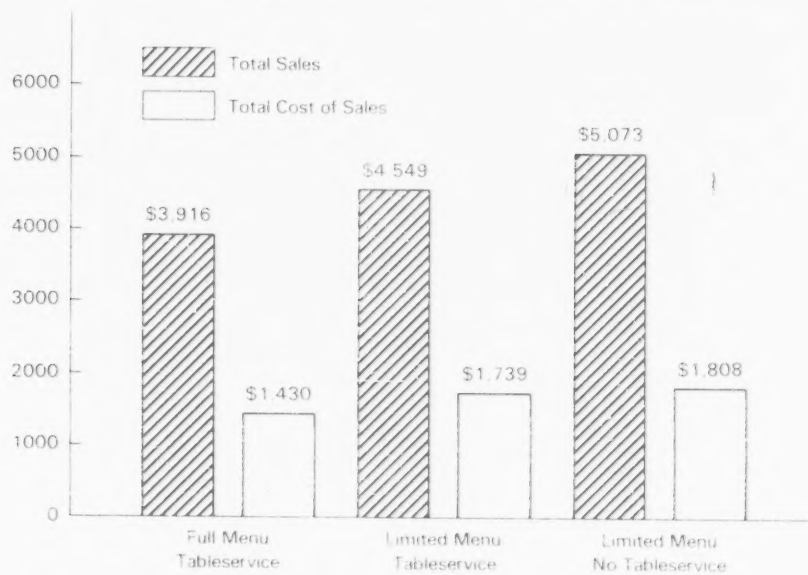
****Sandwiches/hamburgers includes specialty sandwiches, salad bar, hamburgers, subs, deli.

Chart B-2
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Net Profit or Loss



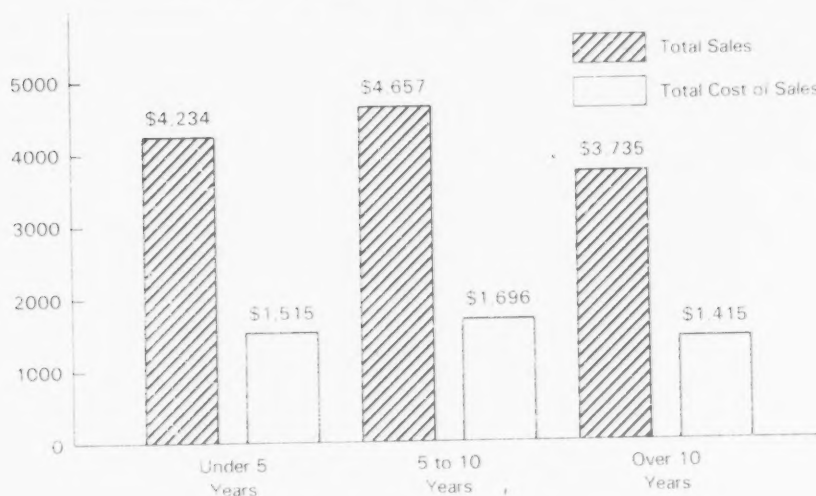
*All amounts are medians.

Chart B-3
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Type of Restaurant



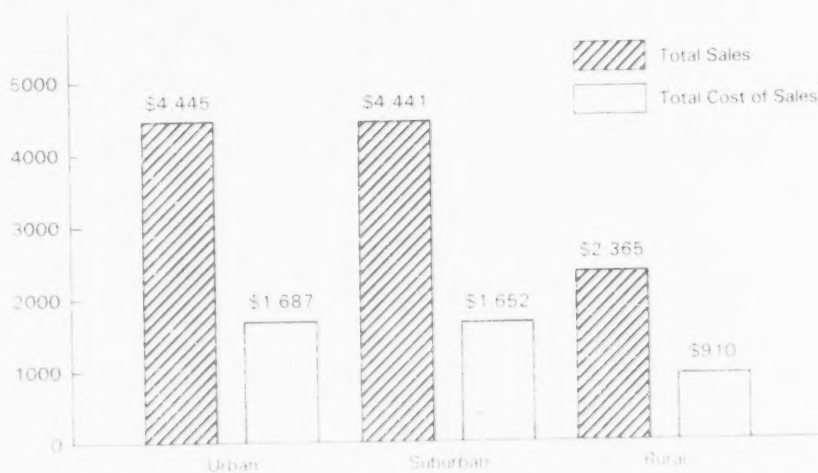
*All amounts are medians.

Chart B-4
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Years in Business



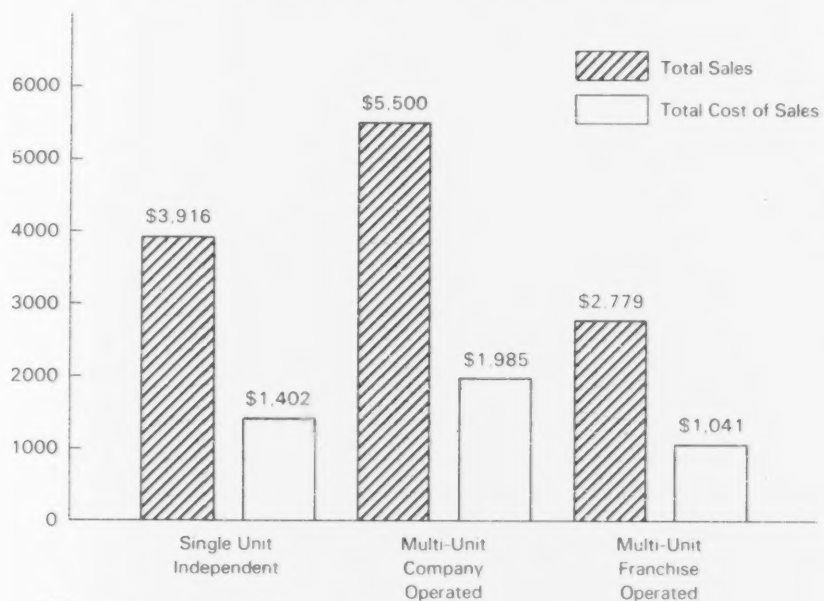
*All amounts are medians.

Chart B-5
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Location



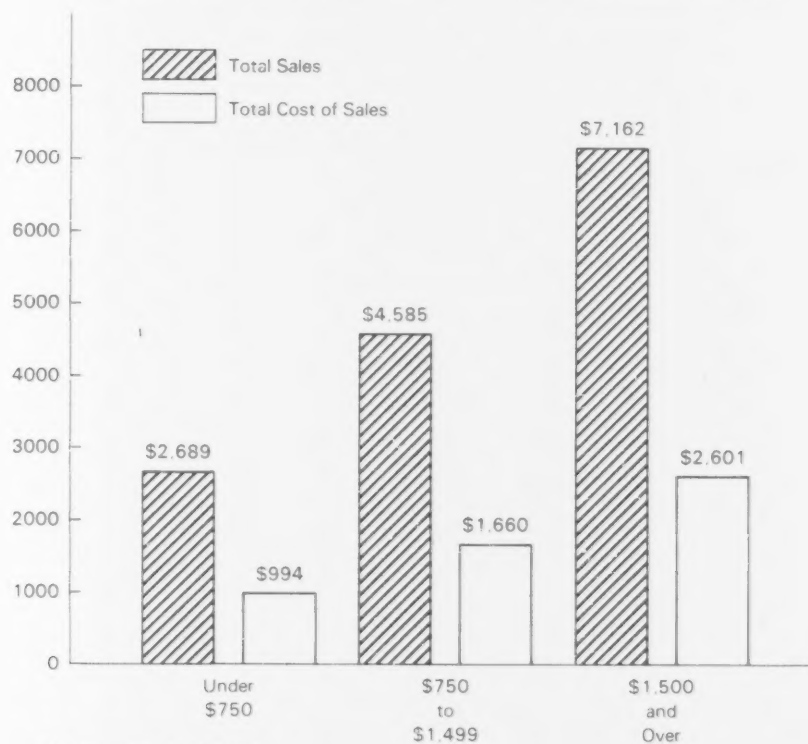
*All amounts are medians.

Chart B-6
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Affiliation



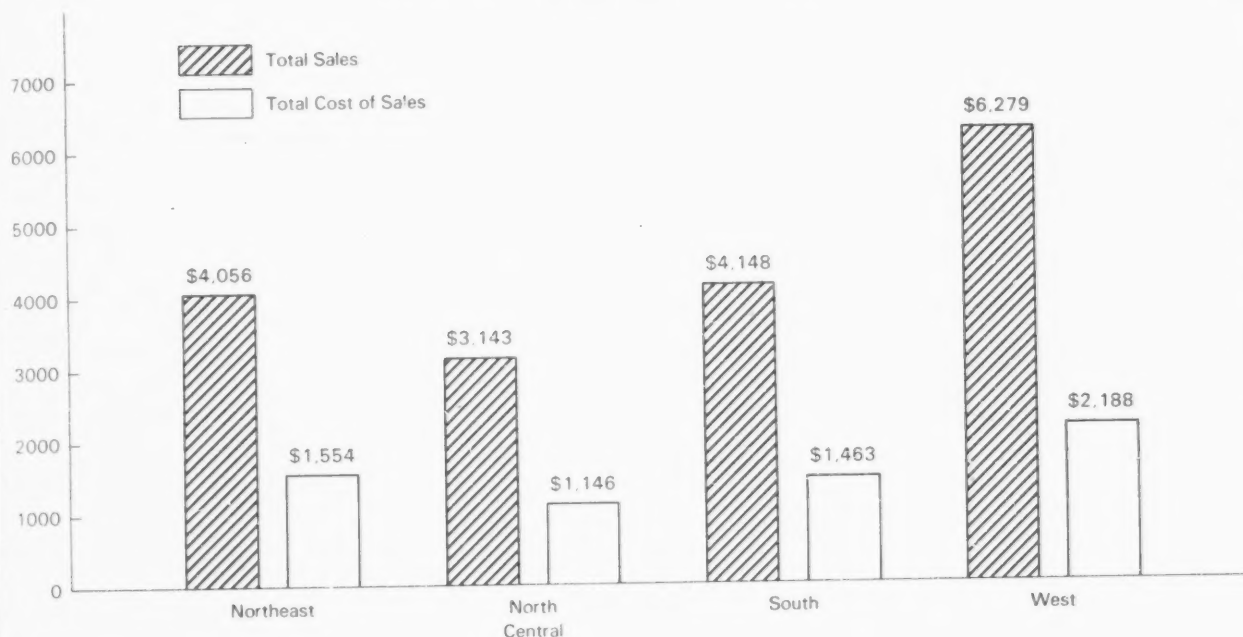
*All amounts are medians.

Chart B-7
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Sales Volume \$(000)



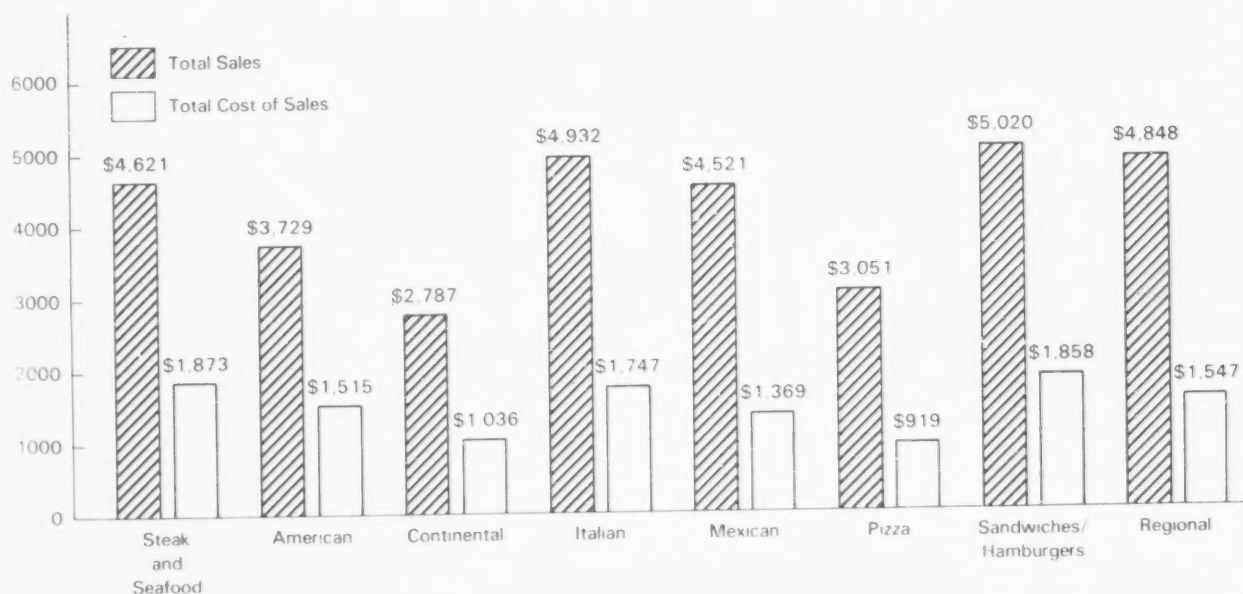
*All amounts are medians.

Chart B-8
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Region



*All amounts are medians.

Chart B-9
Amount Per Seat*
Food and Beverage
Total Sales vs. Total Cost of Sales—Menu Theme



*All amounts are medians.

Employee data

Food and beverage restaurants across the country had a median number of employees in 1984 of 43, which is 5 employees more than reported in the two previous years. The median number of employees for both 1983 and 1982 was 38. However, the number of full-time equivalent employees (FTE) increased almost 2 employees per establishment from the prior two years. Limited menu—no table-service establishments reported considerably fewer employees than other types of restaurants with 13.3 FTE. In addition sales per full-time equivalent employee were significantly higher than for other categories at \$47,479. This type of restaurant also had the lowest median prime cost of 63.5 cents (Exhibit B-6) and the highest median net profit of \$457 (Exhibit B-18).

Exhibit B-7
Food and Beverage
Analysis of Employee Data*

	Restaurants Reporting			Location			Type of Restaurant			
	Total	Net Profit	Net Loss	Urban	Suburban	Rural	Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	All Others
Number of Employees Per Restaurant										
Full-Time	15	14	11	15	17	8	15	10	6	15
Part-Time (20-35 Hours)	15	14	12	15	19	10	15	10	6	16
Part-Time (Under 20 Hours)	10	10	13	10	10	7	10	10	4	15
Total	43	41	38	43	46	29	45	35	17	41
Full-Time Equivalent Employees										
Total	31.9	31.4	29.3	33.4	34.8	23.0	34.0	26.6	13.3	32.0
Per 100 Restaurant Seats	14.3	15.2	11.3	15.2	15.0	10.4	14.0	15.2	15.1	13.5
Per 100 Average Daily Covers	12.5	12.2	11.6	12.1	13.0	14.0	13.5	10.6	5.2	5.5
Total Sales Per Full-Time Equivalent Employee	\$28,913	\$30,523	\$26,189	\$24,066	\$30,224	\$24,444	\$28,574	\$29,596	\$37,479	\$30,991
Payroll Per Full-Time Equivalent Employee	\$ 8,739	\$ 8,754	\$ 8,921	\$ 9,027	\$ 8,744	\$ 7,529	\$ 8,678	\$ 8,340	\$ 9,259	\$ 9,730
Index of Productivity	3.37	3.55	2.96	3.35	3.42	3.38	3.33	3.63	3.86	3.08

*All amounts are medians and do not necessarily add to totals shown.

Occupation costs

In 1984 the median amount per seat for other taxes (personal property and municipal taxes) for all food and beverage properties more than doubled to \$34, up from \$15 in 1983, and property insurance rose \$10 from \$27 to \$37. (See Exhibit B-8).

Rent cost per seat increased \$70 from 1983 for limited menu—no tableservice establishments. Restaurateurs generally found that renting an establishment in the Northeast region cost almost \$200 less per seat than renting in the West: \$157 compared with \$374 per seat per year.

The medians for all expenses listed for full menu—tableservice restaurants closely paralleled median expenses for all establishments, with limited menu—tableservice restaurants consistently above the median for the total sample. Rural operations tended to have lower costs in general, with only other taxes and property insurance being greater than the median for all establishments.

Special analysis

The cross tabulations presented in Exhibits B-9 through B-16 allow more focused analyses of food and beverage

operating results for purposes of comparison. Profit before occupation costs and restaurant profit are the two indices selected for analysis.

To use the statistics, select characteristics that best describe your restaurant (one column and one row) and locate the intersection. Total figures are presented as reference measurements. The categories used for the cross tabulations are as follows:

- Franchise versus Organization
- Location versus Type of Restaurant
- Region versus Menu Theme
- Sales Volume versus Age of Operation.

Exhibit B-8

Food and Beverage

Occupancy Costs, Interest and Depreciation—Amount Per Seat*

	Type of Restaurant					Location			Region			
	Total	Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	All Others	Urban	Suburban	Rural	Northeast	North Central	South	West
Rent	\$216	\$205	\$272	\$236	\$148	\$244	\$237	\$162	\$157	\$182	\$206	\$371
Property Taxes	28	28	33	19	41	30	31	20	27	41	20	29
Other Taxes	34	34	46	38	13	40	23	43	55	34	58	18
Property Insurance	37	35	46	41	15	35	38	41	49	31	45	26
Interest	55	55	70	69	47	52	64	52	46	55	66	57
Depreciation	123	119	145	171	112	134	141	91	121	119	122	168

*All amounts are medians.

Exhibit B-9

Food and Beverage

Cross Tabulation of Profit Before Occupation Costs Amount Per Seat and Ratio to Total Sales*

By Franchise and Type of Organization

Amount Per Seat Ratio to Total Sales		Organization		Total
		Single Unit	Multi- Unit	
Franchisee	Franchisee	\$569	\$ 414	\$513
		16.1%	12.8%	14.7%
	Independent	\$595	\$1,064	\$685
		15.7%	19.5%	16.7%
	Total	\$595	\$ 988	\$670
		15.7%	18.7%	16.6%

*All amounts are medians.

Exhibit B-10
Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Franchise and Type of Organization

Amount Per Seat Ratio to Total Sales		Organization		Total
		Single Unit	Multi-Unit	
Franchisee	Franchisee	\$205	\$ 29	\$143
		6.7%	1.6%	6.4%
	Independent	\$140	\$316	\$176
		3.6%	6.7%	4.4%
	Total	\$141	\$272	\$171
		3.6%	6.3%	4.5%

*All amounts are medians.

Exhibit B-11
Food and Beverage
Cross Tabulation of Profit Before Occupation Costs
Amount Per Seat and Ratio to Total Sales*
By Location and Type of Restaurant

Amount Per Seat Ratio to Total Sales		Type of Restaurant			Total
		Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	
Location	Urban	\$706	\$957	**	\$733
		16.5%	17.1%	**	16.4%
	Suburban	\$670	\$896	\$1,465	\$748
		16.4%	18.4%	22.1%	17.4%
	Rural	\$365	**	**	\$373
		14.8%	**	**	15.6%
	Total	\$606	\$853	\$1,118	\$670
		16.3%	18.1%	21.7%	16.6%

*All amounts are medians.

**Insufficient number of restaurants reporting data.

Exhibit B-12
Food and Beverage
Cross Tabulation of Restaurant Profit
Amount Per Seat and Ratio to Total Sales*
By Location and Type of Restaurant

Amount Per Seat Ratio to Total Sales		Type of Restaurant			Total
		Full Menu Tableservice	Limited Menu Tableservice	Limited Menu No Tableservice	
Location	Urban	\$179	\$318	**	\$204
		3.9%	5.4%	**	4.7%
	Suburban	\$172	\$296	\$512	\$210
		4.5%	4.9%	8.0%	5.0%
	Rural	\$116	**	**	\$ 67
		2.9%	**	**	2.6%
	Total	\$154	\$260	\$456	\$171
		3.9%	4.9%	8.0%	4.5%

*All amounts are medians.

**Insufficient number of restaurants reporting data.

Exhibit B-13

Food and Beverage

Cross Tabulation of Profit Before Occupation Costs

Amount Per Seat and Ratio to Total Sales*

By Region and Menu Theme

Amount Per Seat Ratio to Total Sales		Menu Theme***				Total
		Steak & Seafood	American	Continental	Italian	
R e g i o n	Northeast	\$ 560	\$ 421	\$387	**	\$ 568
		13.5%	12.6%	14.5%	**	13.6%
	North Central	\$ 416	\$ 342	\$346	\$ 396	\$ 394
		13.1%	10.5%	12.1%	12.9%	14.0%
	South	\$ 641	\$ 789	\$632	\$1,281	\$ 765
		17.6%	15.7%	20.5%	26.1%	18.3%
	West	\$1,299	\$1,147	\$646	**	\$1,147
		18.6%	15.7%	21.6%	**	19.5%
	Total	\$ 682	\$ 453	\$471	\$ 965	\$ 670
		16.7%	13.0%	16.6%	21.8%	16.6%

*All amounts are medians.

**Insufficient number of restaurants reporting data.

***The other menu themes had insufficient responses in all categories.

Exhibit B-14

Food and Beverage

Cross Tabulation of Restaurant Profit

Amount Per Seat and Ratio to Total Sales*

By Region and Menu Theme

Amount Per Seat Ratio to Total Sales		Menu Theme***				Total
		Steak & Seafood	American	Continental	Italian	
R e g i o n	Northeast	\$ 64	\$139	\$ 61	**	\$139
		1.8%	3.5%	4.5%	**	3.3%
	North Central	\$ 56	\$ (6)	\$ (37)	\$ 39	\$ 39
		1.7%	(0.2)%	(1.4)%	1.9%	1.2%
	South	\$167	\$345	\$222	\$746	\$265
		4.9%	5.7%	4.7%	20.0%	6.7%
	West	\$410	\$554	\$340	**	\$379
		5.6%	9.2%	8.3%	**	7.5%
	Total	\$152	\$ 87	\$ 78	\$430	\$171
		3.4%	2.5%	2.4%	8.7%	4.5%

*All amounts are medians.

**Insufficient number of restaurants reporting data.

***The other menu themes had insufficient responses in all categories.

Exhibit B-15

Food and Beverage

Cross Tabulation of Profit Before Occupation Costs

Amount Per Seat and Ratio to Total Sales*

By Sales Volume and Age of Operation

Amount Per Seat Ratio to Total Sales		Sales Volume			Total
		Under \$750,000	\$750,000 to \$1,499,999	\$1,500,000 & Over	
A g e	Under 5 Years	\$623 19.5%	\$1,141 19.8%	\$1,700 21.6%	\$879 19.8%
	5 to 10 Years	\$471 16.0%	\$ 846 18.1%	\$1,976 20.8%	\$851 17.9%
	Over 10 Years	\$403 15.8%	\$ 577 14.3%	\$ 765 14.2%	\$562 14.6%
	Total	\$428 16.3%	\$ 652 16.2%	\$1,188 17.7%	\$670 16.6%

*All amounts are medians.

Exhibit B-16

Food and Beverage

Cross Tabulation of Restaurant Profit

Amount Per Seat and Ratio To Total Sales*

By Sales Volume and Age of Operation

Amount Per Seat Ratio to Total Sales		Sales Volume			Total
		Under \$750,000	\$750,000 to \$1,499,999	\$1,500,000 & Over	
A g e	Under 5 Years	\$ 50 1.3%	\$351 6.1%	\$278 6.4%	\$204 4.5%
	5 to 10 Years	\$106 3.7%	\$195 3.6%	\$560 9.8%	\$180 4.9%
	Over 10 Years	\$127 4.9%	\$158 4.4%	\$224 4.0%	\$160 4.4%
	Total	\$105 3.0%	\$194 4.5%	\$350 5.9%	\$171 4.5%

*All amounts are medians.

Summary

The 10 remaining exhibits provide amount per seat and ratios to total sales in income statement form, broken down by

type of restaurant, age, location, affiliation, sales volume, region and menu theme to provide ranges of reported data. The results of different types of operations are isolated using medians and quartiles. However, it is important to note that

columns cannot be totaled when using the indices. For further explanation of medians and quartiles refer to Understanding Medians on page 9. For an explanation of the content of these exhibits, refer to the summary in Section A.

Exhibit B-17

Food and Beverage

Statement of Income and Expenses—All Restaurants

	All Restaurants					
	Amount Per Seat			Ratio to Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	\$1,703	\$3,018	\$5,056	68.6%	75.1%	83.3%
Beverage	485	923	1,565	17.2	25.0	31.7
Total Sales	2,405	4,060	6,546	100.0	100.0	100.0
Cost of Sales						
Food	671	1,185	2,032	34.7	39.4	43.3
Beverage	133	246	426	22.6	26.5	30.5
Total Cost of Sales	873	1,515	2,501	32.4	36.0	40.3
Gross Profit	1,546	2,514	4,095	59.7	64.0	67.6
Other Income	12	36	82	0.3	0.9	2.0
Total Income	1,626	2,612	4,145	60.6	64.8	69.1
Controllable Expenses						
Payroll	735	1,095	1,697	22.5	27.6	32.1
Employee Benefits	38	113	231	1.3	2.9	4.2
Direct Operating Expenses	131	244	429	4.0	6.0	7.7
Music & Entertainment	6	23	90	0.1	0.7	2.3
Advertising & Promotion	46	87	150	1.1	2.1	3.3
Utilities	98	146	209	2.5	3.3	4.6
Administrative & General	64	139	293	1.9	3.5	6.0
Repairs & Maintenance	43	75	137	1.2	1.8	2.7
Total Controllable Expenses	1,270	2,020	3,038	41.8	47.5	54.8
Income Before Occupation Costs	331	670	1,201	10.3	16.6	22.7
Occupation Costs						
Rent	120	216	402	3.0	5.4	7.2
Property Taxes	14	28	57	0.3	0.7	1.5
Other Taxes	10	34	107	0.2	0.9	3.0
Property Insurance	19	37	64	0.4	0.9	1.4
Income Before Interest & Depreciation	124	360	791	3.5	8.7	15.6
Interest	19	56	112	0.4	1.3	2.9
Depreciation	71	123	208	1.8	2.9	4.4
Restaurant Profit	\$ (23)	\$ 171	\$ 521	(0.6)%	4.5%	10.6%

Exhibit B-18
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Type of Restaurant								
	Full Menu Tableservice			Limited Menu Tableservice			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	\$1,637	\$2,896	\$5,036	\$2,432	\$3,600	\$5,185	\$1,966	\$5,441	\$6,997
Beverage	493	947	1,561	529	1,013	1,733	250	740	972
Total Sales	2,278	3,916	6,540	3,239	4,549	6,571	2,865	5,073	7,809
Cost of Sales									
Food	653	1,131	2,033	912	1,476	2,103	626	1,808	2,662
Beverage	139	254	426	161	278	479	100	167	209
Total Cost of Sales	844	1,430	2,470	1,117	1,739	2,514	860	1,808	2,806
Gross Profit	1,435	2,393	4,119	2,105	2,695	4,065	1,948	2,697	5,029
Other Income	12	35	77	10	24	83	22	65	145
Total Income	1,485	2,487	4,137	2,123	2,699	4,068	2,006	2,697	5,149
Controllable Expenses									
Payroll	708	1,061	1,667	820	1,206	1,971	694	854	2,074
Employee Benefits	37	113	234	45	93	194	16	78	228
Direct Operating Expenses	118	222	447	181	295	466	117	296	417
Music & Entertainment	7	30	108	6	14	41	**	11	**
Advertising & Promotion	42	81	144	62	100	162	68	107	243
Utilities	100	145	213	91	146	193	66	155	257
Administrative & General	65	145	308	64	137	327	71	120	277
Repairs & Maintenance	44	75	137	50	80	144	33	45	107
Total Controllable Expenses	1,222	1,992	3,038	1,377	1,983	3,022	1,284	1,604	3,214
Income Before Occupation Costs	309	606	1,172	448	853	1,196	692	1,118	1,973
Occupation Costs									
Rent	113	205	413	157	272	390	175	236	435
Property Taxes	14	28	61	15	33	50	13	19	62
Other Taxes	9	34	101	11	46	133	15	38	104
Property Insurance	19	35	63	24	46	76	13	41	92
Income Before Interest & Depreciation	115	347	744	130	416	877	157	727	1,446
Interest	18	55	109	28	70	134	12	69	294
Depreciation	71	119	210	77	145	209	40	171	315
Restaurant Profit	\$ (21)	\$ 154	\$ 442	\$ (91)	\$ 259	\$ 622	\$ 101	\$ 457	\$ 795

**Insufficient number of restaurants reporting data.

Exhibit B-19
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant								
	Full Menu Tableservice			Limited Menu Tableservice			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	67.8%	74.3%	81.0%	69.6%	79.3%	85.3%	80.0%	87.9%	96.6%
Beverage	19.3	25.8	32.2	15.3	21.0	30.9	6.6	12.8	21.7
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	35.1	39.5	43.6	34.1	39.6	43.5	31.0	34.0	36.7
Beverage	22.4	26.0	30.2	24.3	27.1	35.0	21.5	29.7	33.3
Total Cost of Sales	32.3	36.0	39.8	33.4	35.8	40.7	30.4	33.9	36.6
Gross Profit	59.7	63.8	67.6	59.4	64.2	66.6	58.2	66.0	69.6
Other Income	0.3	1.0	2.1	0.2	0.6	1.5	0.6	2.5	3.2
Total Income	60.5	64.7	69.2	60.2	65.0	67.6	59.3	67.1	71.7
Controllable Expenses									
Payroll	22.7	27.9	32.4	22.6	27.0	30.0	19.4	24.2	29.5
Employee Benefits	1.3	3.0	4.2	1.1	2.2	3.3	0.6	1.0	3.5
Direct Operating Expenses	4.0	5.8	7.6	4.2	6.6	7.9	4.2	6.1	9.2
Music & Entertainment	0.1	0.9	2.6	0.1	0.3	0.7	0.1	0.3	0.7
Advertising & Promotion	1.2	2.0	3.3	1.2	2.0	3.6	1.0	2.7	4.6
Utilities	2.6	3.5	4.8	2.3	3.0	3.9	2.3	3.0	3.8
Administrative & General	2.1	3.5	6.0	1.7	3.3	5.8	1.2	2.7	9.4
Repairs & Maintenance	1.2	1.9	2.6	1.2	1.8	3.1	0.9	1.2	1.9
Total Controllable Expenses	42.4	48.1	54.9	41.2	45.2	52.8	36.0	41.6	47.2
Income Before Occupation Costs	9.9	16.3	22.2	11.8	18.1	23.7	15.5	21.7	27.4
Occupation Costs									
Rent	2.9	5.4	8.0	3.4	5.7	7.0	4.3	5.4	7.0
Property Taxes	0.3	0.8	1.5	0.3	0.6	1.1	0.3	0.5	1.0
Other Taxes	0.2	0.9	2.9	0.3	1.4	3.3	0.4	0.9	3.5
Property Insurance	0.4	0.9	1.4	0.7	1.0	1.6	0.4	0.8	1.1
Income Before Interest & Depreciation	3.3	8.3	14.9	3.7	8.9	17.5	6.4	13.9	19.4
Interest	0.4	1.4	2.9	0.5	1.2	3.2	0.3	0.6	4.4
Depreciation	1.9	3.0	4.4	1.9	3.2	4.3	1.4	2.6	4.7
Restaurant Profit	10.4%	3.9%	9.8%	13.0%	4.9%	11.4%	2.9%	8.0%	13.5%

Exhibit B-20
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	\$1,764	\$3,248	\$5,485	\$2,053	\$3,617	\$5,860	\$1,548	\$2,704	\$4,679
Beverage	519	1,145	1,822	561	1,069	1,729	445	802	1,306
Total Sales	2,628	4,234	7,566	2,788	4,657	7,030	2,289	3,735	5,892
Cost of Sales									
Food	717	1,207	2,084	800	1,404	2,414	631	1,047	1,774
Beverage	148	275	570	155	271	437	122	203	367
Total Cost of Sales	938	1,515	2,532	976	1,696	2,768	795	1,415	2,267
Gross Profit	1,675	2,766	4,854	1,742	2,888	4,505	1,455	2,310	3,680
Other Income	8	24	69	11	24	91	16	39	86
Total Income	1,683	2,775	5,042	1,792	2,897	4,516	1,531	2,385	3,824
Controllable Expenses									
Payroll	691	1,136	1,982	802	1,173	1,749	690	1,059	1,644
Employee Benefits	24	91	215	42	110	266	46	118	223
Direct Operating Expenses	154	267	537	140	263	467	113	220	400
Music & Entertainment	7	22	75	6	25	124	6	23	88
Advertising & Promotion	58	107	158	48	91	176	37	78	131
Utilities	84	133	202	105	156	213	99	145	209
Administrative & General	54	140	400	59	140	276	73	138	283
Repairs & Maintenance	36	58	108	51	90	140	43	76	140
Total Controllable Expenses	1,166	2,138	3,563	1,282	2,188	3,156	1,268	1,919	2,953
Income Before Occupation Costs	361	879	1,677	365	851	1,343	298	562	967
Occupation Costs									
Rent	149	258	441	145	272	614	107	182	313
Property Taxes	8	26	48	14	30	72	15	28	51
Other Taxes	11	40	152	8	24	101	10	36	108
Property Insurance	18	33	77	16	32	53	24	41	69
Income Before Interest & Depreciation	190	529	946	127	406	833	99	291	686
Interest	37	102	193	28	75	143	12	38	76
Depreciation	80	194	294	83	148	210	60	104	178
Restaurant Profit	\$ (59)	\$ 204	\$ 640	\$ (36)	\$ 180	\$ 552	\$ (11)	\$ 160	\$ 418

Location

Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$1,949	\$3,441	\$5,007	\$1,729	\$3,354	\$5,495	\$1,273	\$1,772	\$2,621
584	1,144	1,988	519	951	1,531	311	519	836
2,785	4,445	6,723	2,678	4,441	7,026	1,676	2,365	3,820
768	1,417	2,032	704	1,302	2,240	539	741	1,046
163	293	507	139	252	414	103	157	254
991	1,687	2,560	904	1,652	2,678	731	910	1,478
1,728	2,766	4,300	1,670	2,815	4,449	1,025	1,485	2,266
11	32	81	15	39	83	10	23	85
1,733	2,852	4,368	1,731	2,891	4,473	1,067	1,627	2,612
802	1,193	1,871	777	1,141	1,725	490	713	944
34	113	233	56	128	257	19	44	136
156	264	469	141	267	481	64	132	242
7	31	122	6	19	68	5	22	85
49	87	145	50	95	177	32	59	109
100	154	213	113	155	216	74	104	157
68	144	330	63	161	300	54	105	195
50	83	137	46	81	143	28	47	77
1,373	2,138	3,172	1,350	2,188	3,237	907	1,305	2,218
363	733	1,276	329	748	1,416	250	373	626
128	244	392	128	237	465	79	162	215
18	30	68	13	31	56	12	20	44
12	40	157	7	23	90	11	43	81
17	35	61	19	38	66	28	41	67
136	393	819	127	430	983	91	203	363
13	52	112	24	64	116	13	52	94
66	134	210	82	141	221	61	91	142
\$ (35)	\$ 204	\$ 555	\$ (24)	\$ 210	\$ 614	\$ (19)	\$ 67	\$ 211

Exhibit B-21
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	62.9%	73.3%	80.5%	67.6%	75.5%	84.3%	69.7%	76.2%	83.7%
Beverage	20.0	26.8	37.8	18.9	24.9	32.5	16.7	24.1	30.5
Total Sales ¹	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	33.8	38.5	42.2	34.3	39.5	43.7	35.1	39.6	43.6
Beverage	22.5	26.8	31.1	21.7	26.0	30.3	22.7	26.5	30.7
Total Cost of Sales	30.8	35.4	37.9	31.8	35.8	40.2	32.8	36.4	40.3
Gross Profit	61.5	64.6	67.7	59.6	63.9	67.7	59.3	63.6	67.2
Other Income	0.2	0.7	1.7	0.2	0.6	1.6	0.5	1.1	2.9
Total Income	62.2	65.4	70.7	60.4	64.4	68.7	60.2	64.8	69.1
Controllable Expenses									
Payroll	23.2	26.8	30.0	21.5	26.3	31.1	22.8	28.6	33.3
Employee Benefits	0.9	1.9	4.2	1.1	2.7	3.9	1.6	3.0	4.6
Direct Operating Expenses	4.9	6.6	7.9	4.1	6.4	7.3	3.8	5.5	8.4
Music & Entertainment	0.1	0.7	1.9	0.1	0.7	2.4	0.2	0.7	2.4
Advertising & Promotion	1.4	2.1	3.5	1.0	2.2	3.6	1.1	2.0	3.1
Utilities	2.3	2.9	4.5	2.3	3.2	4.5	2.6	3.5	4.7
Administrative & General	1.9	3.3	5.9	1.7	3.4	5.3	2.0	3.7	7.3
Repairs & Maintenance	1.0	1.5	2.1	1.3	2.0	2.6	1.2	1.9	3.0
Total Controllable Expenses	41.7	46.0	51.9	40.9	46.1	53.3	42.6	49.4	58.0
Income Before Occupation Costs	13.7	19.8	24.9	11.7	17.9	23.2	9.3	14.6	21.2
Occupation Costs									
Rent	3.4	5.6	9.0	3.7	5.7	8.7	2.8	5.0	6.4
Property Taxes	0.3	0.5	1.2	0.3	0.7	1.5	0.4	0.7	1.4
Other Taxes	0.3	0.9	3.0	0.1	0.5	2.7	0.3	1.0	3.1
Property Insurance	0.5	0.8	1.4	0.4	0.7	1.1	0.5	1.1	1.6
Income Before Interest & Depreciation	5.9	10.5	16.6	3.5	8.3	16.1	3.3	8.3	14.4
Interest	0.7	2.0	4.2	0.5	1.6	3.7	0.3	0.9	2.2
Depreciation	2.2	4.0	5.3	2.0	3.3	4.6	1.6	2.7	3.9
Restaurant Profit	(1.7)%	4.5%	11.2%	(1.1)%	4.9%	10.3%	(0.4)%	4.4%	11.0%

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
66.7%	74.1%	81.7%	69.4%	76.5%	85.6%	70.0%	76.4%	85.9%
19.0	26.1	34.0	15.2	23.7	30.8	15.7	24.2	30.2
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
34.8	38.8	42.5	34.3	39.5	43.9	35.5	40.7	48.2
21.7	26.2	30.9	22.5	26.0	30.0	25.1	29.0	33.8
32.4	35.1	38.3	32.1	36.4	40.4	34.2	38.3	41.9
61.2	64.6	67.9	59.4	63.9	67.7	57.1	61.1	64.6
0.2	0.8	1.9	0.4	1.1	2.2	0.4	0.8	2.7
61.7	65.1	69.0	60.4	65.2	69.7	59.0	63.0	67.6
23.5	28.4	33.2	22.0	26.4	31.2	23.0	27.9	32.7
1.1	2.8	3.9	1.4	3.1	4.6	0.8	1.6	4.4
4.6	6.5	7.7	3.9	5.9	7.7	3.0	5.4	6.8
0.1	0.8	2.4	0.1	0.5	1.7	0.2	0.8	2.9
1.0	2.0	3.2	1.2	2.2	3.4	1.2	2.2	3.2
2.4	3.2	4.5	2.3	3.3	4.5	2.9	3.9	5.4
1.8	3.5	5.7	1.9	3.5	6.0	2.0	3.6	7.3
1.3	1.9	2.8	1.2	1.8	2.6	1.0	1.7	2.8
42.7	48.2	55.6	41.1	46.6	53.2	42.4	48.2	54.8
10.4	16.4	22.2	10.4	17.4	23.8	9.5	15.6	21.6
3.0	5.5	7.8	3.4	5.3	7.0	2.6	5.2	8.8
0.3	0.7	1.5	0.4	0.6	1.4	0.4	0.7	1.5
0.3	1.4	3.2	1.4	0.4	2.4	0.3	2.4	3.4
0.4	0.7	1.3	0.4	0.8	1.3	0.9	1.3	2.5
2.9	8.2	15.6	4.0	9.6	16.9	3.3	7.7	13.6
0.3	1.1	2.5	0.5	1.3	2.9	0.4	1.8	4.8
5	2.7	4.3	2.0	2.9	4.2	1.9	4.0	5.6
(0.6)%	4.7%	10.9%	(0.4)%	5.0%	11.1%	(1.1)%	2.6%	9.1%

Exhibit B-22
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	\$1,705	\$2,911	\$4,902	\$2,189	\$3,889	\$5,925	\$1,101	\$1,699	\$3,520
Beverage	480	900	1,429	603	1,213	2,084	411	698	1,168
Total Sales	2,413	3,916	6,038	3,286	5,500	8,089	1,779	2,779	4,884
Cost of Sales									
Food	669	1,146	1,991	812	1,418	2,460	463	752	1,567
Beverage	128	254	431	168	265	483	124	198	335
Total Cost of Sales	876	1,402	2,361	1,123	1,985	2,874	595	1,041	1,792
Gross Profit	1,527	2,381	3,680	2,053	3,513	5,215	1,136	1,732	3,214
Other Income	12	34	92	10	28	65	23	45	68
Total Income	1,606	2,430	3,851	2,091	3,614	5,215	1,180	1,761	3,283
Controllable Expenses									
Payroll	697	1,002	1,682	943	1,280	1,800	547	900	1,503
Employee Benefits	31	88	185	88	206	374	51	112	179
Direct Operating Expenses	107	209	370	190	375	520	104	200	311
Music & Entertainment	6	18	68	7	27	86	12	88	164
Advertising & Promotion	37	77	134	53	106	197	62	126	168
Utilities	86	133	185	122	172	236	98	134	260
Administrative & General	68	136	276	60	183	352	89	123	321
Repairs & Maintenance	39	67	114	55	101	158	45	90	120
Total Controllable Expenses	1,125	1,804	2,921	1,638	2,482	3,404	1,296	2,004	3,391
Income Before Occupation Costs	327	595	1,038	415	1,064	1,734	81	414	943
Occupation Costs									
Rent	100	186	302	166	313	635	112	229	449
Property Taxes	14	23	44	20	45	83	12	35	66
Other Taxes	12	43	109	8	19	123	**	18	**
Property Insurance	25	42	66	10	26	53	8	22	61
Income Before Interest & Depreciation	119	321	703	149	522	1,004	(34)	305	740
Interest	21	53	97	17	60	143	7	86	257
Depreciation	68	112	199	84	152	253	66	109	208
Restaurant Profit	\$ (6)	\$ 140	\$ 410	\$ (61)	\$ 316	\$ 775	\$ (150)	\$ 29	\$ 512

**Insufficient number of restaurants reporting data

Sales Volume (\$000)

Under \$750			\$750 to \$1,499			\$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$1,284	\$1,989	\$3,294	\$2,173	\$3,292	\$4,881	\$3,269	\$5,221	\$7,691
257	510	897	635	1,107	1,651	881	1,445	2,400
1,764	2,689	4,234	2,991	4,585	6,388	4,283	7,162	10,278
506	770	1,227	815	1,281	1,965	1,271	2,173	2,861
77	160	270	163	277	419	224	383	572
674	994	1,623	1,057	1,660	2,401	1,621	2,601	3,526
1,106	1,675	2,594	1,865	2,826	4,125	2,785	4,591	6,666
9	25	81	11	32	71	24	49	114
1,169	1,733	2,627	1,942	2,891	4,125	2,881	4,591	6,668
510	785	1,135	840	1,184	1,728	1,133	1,681	2,617
18	47	105	52	137	249	112	221	407
76	168	269	158	263	434	230	451	717
6	15	66	7	27	93	7	31	148
31	66	108	51	106	173	64	106	190
82	122	169	108	143	202	130	203	273
45	88	188	78	150	283	115	234	493
30	53	94	49	88	130	71	125	203
918	1,342	2,137	1,537	2,270	3,060	2,072	3,169	4,916
235	428	829	379	658	1,263	605	1,188	2,313
100	164	257	119	242	417	190	390	739
11	24	46	15	34	60	19	37	70
15	48	109	8	20	126	8	34	97
18	37	60	17	30	57	26	49	77
71	231	552	140	365	872	255	689	1,190
15	54	108	21	55	111	16	59	133
60	106	193	77	124	199	91	177	277
\$ (91)	\$ 105	\$ 344	\$ (6)	\$ 194	\$ 570	\$ 54	\$ 350	\$ 844

Exhibit B-23
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	69.5%	76.1%	84.6%	69.2%	74.8%	80.6%	56.9%	72.6%	84.8%
Beverage	15.5	24.3	30.8	20.0	25.7	31.4	17.7	31.4	44.0
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	35.1	40.0	43.7	34.6	39.0	43.7	33.2	36.4	40.0
Beverage	23.9	27.5	33.9	20.8	24.4	27.3	24.4	26.4	29.6
Total Cost of Sales	32.8	36.5	40.8	32.4	35.5	38.4	30.4	32.6	34.7
Gross Profit	58.6	63.2	67.2	61.2	64.2	67.2	65.1	67.4	69.1
Other Income	0.3	0.9	1.9	0.2	0.7	1.7	0.8	1.8	2.5
Total Income	59.7	64.2	68.4	62.2	64.8	68.7	67.1	69.6	70.9
Controllable Expenses									
Payroll	23.5	28.4	32.4	20.8	25.2	31.2	23.8	28.5	31.7
Employee Benefits	1.1	2.2	3.9	2.1	3.6	4.8	1.5	3.1	5.1
Direct Operating Expenses	3.7	5.4	7.6	4.8	7.0	7.7	3.9	5.3	7.8
Music & Entertainment	0.2	0.6	2.0	0.1	0.6	1.9	0.5	1.6	9.2
Advertising & Promotion	1.1	2.0	3.1	1.0	1.9	3.5	1.8	3.0	5.0
Utilities	2.5	3.4	4.5	2.3	3.1	4.5	2.9	4.5	6.8
Administrative & General	1.9	3.6	5.9	2.0	3.5	5.6	2.1	5.6	10.2
Repairs & Maintenance	1.1	1.7	2.5	1.4	2.0	2.8	1.2	2.0	5.1
Total Controllable Expenses	41.5	48.0	54.7	41.7	46.4	52.3	47.0	58.2	65.3
Income Before Occupation Costs	10.6	15.7	21.6	11.5	19.5	23.8	4.6	12.8	21.6
Occupation Costs									
Rent	2.6	4.8	6.3	4.0	5.7	10.0	3.1	5.6	8.5
Property Taxes	0.3	0.6	1.1	0.3	0.9	1.5	0.4	0.8	1.9
Other Taxes	0.3	1.3	3.3	0.1	0.3	2.4	**	0.8	**
Property Insurance	0.6	1.1	1.8	0.3	0.4	1.1	0.3	0.7	1.0
Income Before Interest & Depreciation	3.5	8.3	14.4	3.6	9.3	16.3	(1.8)	8.4	15.9
Interest	0.4	1.3	2.6	0.4	1.1	3.7	0.2	1.3	7.8
Depreciation	2.0	2.9	4.2	1.5	2.9	5.0	1.6	3.8	4.8
Restaurant Profit	(0.2)%	3.6%	9.5%	(1.2)%	6.7%	12.3%	(5.4)%	1.6%	9.5%

**Insufficient number of restaurants reporting data.

Sales Volume (\$000)

Under \$750			\$750 to \$1,499			\$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
70.6%	78.4%	88.3%	66.1%	72.6%	80.2%	68.4%	74.9%	81.8%
12.1	22.7	29.4	20.3	26.5	34.0	18.9	25.2	32.1
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
34.2	39.1	43.3	35.1	39.9	44.2	34.7	39.4	42.6
25.2	29.4	35.2	22.2	25.9	29.8	21.6	24.4	27.3
33.1	36.2	41.5	32.0	35.7	39.3	32.0	34.9	39.3
58.3	63.2	67.1	60.4	64.0	67.6	60.4	65.0	68.0
0.3	0.9	2.9	0.2	0.9	1.9	0.4	0.9	1.7
59.5	64.4	68.8	61.0	64.6	69.1	61.9	65.8	69.6
24.0	28.4	33.6	21.9	28.3	31.7	21.8	25.6	29.7
0.9	1.6	3.4	1.3	3.1	4.5	1.9	3.6	4.7
3.5	5.5	7.5	4.3	6.0	7.6	4.5	6.2	8.4
0.2	0.6	1.9	0.1	0.7	2.3	0.1	0.7	2.4
1.2	2.2	3.3	1.2	2.2	3.6	1.0	1.8	2.9
2.9	4.0	5.5	2.4	3.3	4.3	2.2	2.6	3.5
1.6	3.3	5.8	2.0	3.5	5.8	2.6	3.5	6.8
1.2	1.8	2.8	1.1	1.8	2.8	1.2	2.0	2.5
41.3	46.9	56.2	42.4	47.9	54.4	42.4	47.6	53.1
9.1	16.3	22.2	10.1	16.2	22.6	11.6	17.7	23.2
2.8	5.2	6.9	3.0	5.2	7.5	3.5	5.7	7.8
0.4	0.8	1.7	0.3	0.7	1.5	0.3	0.5	1.2
0.5	2.5	3.7	0.1	0.4	2.6	0.1	0.4	1.9
0.7	1.2	2.0	0.4	0.7	1.1	0.4	0.6	1.1
2.6	8.2	15.8	3.6	8.7	13.6	5.1	9.3	16.3
0.5	1.8	4.2	0.4	1.1	2.2	0.3	1.0	2.4
1.9	3.8	6.0	1.8	2.7	3.9	1.6	2.7	3.8
(3.31)%	3.0%	10.6%	(0.11)%	4.5%	10.2%	1.5%	5.9%	11.6%

Exhibit B-24
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	\$1 686	\$3 041	\$4 881	\$1 530	\$2 394	\$3 566
Beverage	436	957	1 532	479	759	1 221
Total Sales	2 367	4 056	6 114	2 080	3 143	4 790
Cost of Sales						
Food	705	1 112	1 965	633	919	1 403
Beverage	125	245	476	130	194	313
Total Cost of Sales	909	1 554	2 501	751	1 146	1 744
Gross Profit	1 457	2 321	3 811	1 327	1 918	2 965
Other Income	9	30	72	13	36	72
Total Income	1 497	2 404	3 872	1 384	2 043	3 177
Controllable Expenses						
Payroll	708	1 050	1 783	630	916	1 379
Employee Benefits	34	78	188	35	85	171
Direct Operating Expenses	124	231	362	101	204	340
Music & Entertainment	10	29	142	5	16	66
Advertising & Promotion	37	93	155	49	86	149
Utilities	112	155	214	93	132	187
Administrative & General	56	130	365	55	105	219
Repairs & Maintenance	40	72	147	39	63	106
Total Controllable Expenses	1 291	2 182	3 092	1 164	1 674	2 471
Income Before Occupation Costs	286	568	955	284	394	818
Occupation Costs						
Rent	98	157	261	114	182	299
Property Taxes	19	27	48	17	41	72
Other Taxes	10	55	123	10	34	100
Property Insurance	30	49	72	10	31	50
Income Before Interest & Depreciation	106	287	694	57	210	494
Interest	13	46	82	27	55	102
Depreciation	49	121	192	70	119	193
Restaurant Profit	\$ 18	\$ 139	\$ 360	\$ (92)	\$ 39	\$ 258

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$1,468	\$3,318	\$5,260	\$2,400	\$4,638	\$6,523
390	904	1,637	706	1,306	2,084
2,400	4,148	6,571	3,304	6,279	9,231
562	1,147	2,032	868	1,793	2,521
104	257	479	178	295	518
878	1,463	2,569	1,114	2,188	3,085
1,583	2,581	4,227	2,244	3,842	6,017
12	32	91	12	48	124
1,608	2,620	4,308	2,245	3,843	6,070
696	1,139	1,761	907	1,405	2,176
30	93	193	88	218	384
96	243	432	187	381	542
6	19	64	9	36	147
40	85	146	50	91	158
89	136	209	108	157	237
70	141	299	91	204	367
42	74	135	59	111	173
1,166	1,942	3,023	1,614	2,677	4,018
400	766	1,332	561	1,147	1,877
123	206	368	176	371	699
10	20	45	12	29	65
15	58	140	8	18	66
25	45	73	16	26	50
206	474	938	193	528	1,039
13	69	160	14	57	133
75	122	210	68	168	276
\$ 52	\$ 264	\$ 682	\$ 26	\$ 379	\$ 884

Exhibit B-25
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	66.3%	74.5%	82.2%	69.1%	75.0%	80.7%
Beverage	18.3	25.5	33.7	20.1	25.3	31.1
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales						
Food	36.9	40.8	46.0	36.0	39.8	43.9
Beverage	25.5	28.8	33.5	23.1	25.8	28.5
Total Cost of Sales	33.8	37.0	41.0	33.3	36.7	40.8
Gross Profit	57.6	62.8	66.2	59.1	63.7	67.1
Other Income	0.2	0.7	1.7	0.4	1.0	2.2
Total Income	57.6	63.0	66.7	60.2	65.1	68.9
Controllable Expenses						
Payroll	23.0	28.0	31.6	25.0	29.2	33.7
Employee Benefits	1.1	2.3	4.2	1.1	2.9	4.1
Direct Operating Expenses	3.7	5.6	7.1	3.9	6.5	8.5
Music & Entertainment	0.2	1.1	3.0	0.1	0.5	1.9
Advertising & Promotion	1.4	2.2	3.5	1.6	2.7	3.8
Utilities	2.7	3.7	5.0	3.0	3.9	5.4
Administrative & General	1.5	4.1	7.6	1.8	3.0	5.9
Repairs & Maintenance	1.2	1.8	3.0	1.3	1.9	3.0
Total Controllable Expenses	42.4	48.9	56.2	44.9	50.5	57.5
Income Before Occupation Costs	9.0	13.6	19.5	8.7	14.0	20.6
Occupation Costs						
Rent	2.2	4.0	6.6	3.4	5.4	6.7
Property Taxes	0.5	0.8	1.2	0.5	1.1	2.2
Other Taxes	0.2	1.3	3.2	0.2	0.9	3.5
Property Insurance	0.7	1.1	1.8	0.4	0.8	1.5
Income Before Interest & Depreciation	2.9	7.0	12.9	2.2	6.7	13.3
Interest	0.3	0.9	2.3	0.7	1.7	3.5
Depreciation	1.7	2.7	4.2	2.2	3.5	5.4
Restaurant Profit	0.3%	3.3%	8.5%	(3.3)%	1.2%	7.3%

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
67.4%	77.1%	87.0%	70.0%	74.8%	85.1%
14.4	23.2	33.2	15.3	25.6	30.4
100.0	100.0	100.0	100.0	100.0	100.0
33.8	38.0	41.9	33.6	39.4	42.8
23.5	26.7	33.0	20.2	24.2	29.9
31.2	34.5	39.6	31.0	35.0	38.6
60.2	64.7	68.1	61.3	64.7	68.6
0.3	0.9	2.4	0.4	0.8	2.9
60.9	65.8	69.8	62.3	65.5	70.0
22.6	26.6	31.3	20.4	24.9	30.8
1.0	2.3	3.9	2.3	3.6	4.5
3.7	5.6	7.9	4.4	6.5	7.6
0.1	0.6	1.9	0.1	0.7	2.5
1.0	1.9	3.3	0.9	1.5	2.8
2.4	3.1	4.5	2.2	2.7	3.5
2.1	3.5	5.7	2.1	3.5	6.1
1.1	1.7	2.6	1.2	1.9	2.5
41.3	45.9	51.0	40.0	46.0	53.4
13.3	18.3	24.7	11.7	19.5	25.5
3.0	5.1	6.9	3.7	5.7	9.7
0.2	0.4	1.0	0.2	0.5	1.2
0.3	1.7	3.0	0.1	0.3	1.9
0.6	1.0	1.6	0.4	0.4	0.9
5.6	10.9	18.4	3.5	10.0	18.7
0.4	1.5	4.3	0.2	1.0	2.2
1.9	2.8	4.1	1.4	2.7	4.1
1.6%	6.7%	13.5%	0.6%	7.5%	14.4%

Exhibit B-26
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Menu Theme								
	Steak and Seafood			American			Continental		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	\$1,878	\$3,417	\$5,229	\$1,723	\$2,777	\$5,441	\$1,285	\$2,179	\$3,815
Beverage	603	1,048	1,665	461	895	1,694	490	905	1,468
Total Sales	2,696	4,621	6,932	2,405	3,729	6,936	1,914	2,787	5,175
Cost of Sales									
Food	788	1,510	2,240	734	1,141	2,137	517	823	1,475
Beverage	164	255	426	126	245	475	130	239	442
Total Cost of Sales	1,040	1,873	2,738	860	1,515	2,523	666	1,036	1,817
Gross Profit	1,642	2,803	4,282	1,479	2,290	4,371	1,238	1,792	3,402
Other Income	8	30	77	13	33	67	12	37	69
Total Income	1,709	2,885	4,289	1,546	2,351	4,445	1,313	2,023	3,606
Controllable Expenses									
Payroll	771	1,120	1,661	790	1,207	2,083	567	885	1,334
Employee Benefits	50	158	270	54	139	252	34	91	175
Direct Operating Expenses	154	260	442	129	232	492	138	218	430
Music & Entertainment	6	21	71	11	19	105	14	43	144
Advertising & Promotion	50	92	150	51	91	170	33	79	155
Utilities	104	149	205	124	164	240	92	124	196
Administrative & General	63	149	282	65	146	403	56	131	312
Repairs & Maintenance	54	94	143	48	90	146	39	59	99
Total Controllable Expenses	1,347	2,176	3,021	1,362	2,253	3,901	1,041	1,729	2,879
Income Before Occupation Costs	320	682	1,334	284	453	1,140	209	471	776
Occupation Costs									
Rent	114	238	441	100	182	387	130	204	319
Property Taxes	18	37	78	16	34	65	10	22	43
Other Taxes	9	20	82	14	59	210	8	34	134
Property Insurance	17	34	60	19	39	59	16	35	58
Income Before Interest & Depreciation	115	346	770	76	264	725	49	231	494
Interest	24	64	108	11	37	90	22	61	133
Depreciation	83	138	206	81	140	249	61	108	175
Restaurant Profit	\$ (59)	\$ 152	\$ 505	\$ (76)	\$ 87	\$ 435	\$ (41)	\$ 78	\$ 252

**Insufficient number of restaurants reporting data

Menu Theme

Italian			Mexican			Pizza			Sandwiches/Hamburgers			Regional		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
\$1,627	\$3,460	\$4,627	\$2,466	\$3,356	\$6,896	\$1,788	\$2,543	\$6,144	\$2,483	\$3,836	\$6,565	\$1,665	\$3,663	\$5,333
530	1,080	1,822	583	1,043	2,233	276	394	785	871	1,296	2,649	198	1,074	2,202
2,362	4,932	6,656	3,338	4,521	8,131	2,110	3,051	6,222	3,681	5,020	9,230	2,141	4,848	7,065
522	1,431	1,754	740	1,023	2,116	583	803	2,326	939	1,399	2,627	613	1,251	1,973
141	302	479	142	261	483	82	108	185	213	315	643	73	258	488
841	1,747	2,283	922	1,369	2,554	683	919	2,454	1,203	1,858	3,017	878	1,547	2,747
1,527	2,810	4,490	2,465	3,071	5,969	1,430	2,153	3,794	2,413	3,243	5,999	1,379	3,423	4,329
9	25	85	15	81	160	11	78	145	32	63	134	22	63	128
1,544	2,819	4,513	2,475	3,263	5,997	1,470	2,254	3,830	2,419	3,326	6,082	1,405	3,806	5,017
570	1,212	2,065	852	1,323	1,870	613	733	1,835	1,064	1,375	2,140	876	1,419	2,402
25	100	255	56	144	424	16	35	88	10	100	225	29	106	231
88	244	458	79	231	482	72	169	389	230	363	492	174	294	544
4	32	242	**	9	**	**	9	**	3	22	76	**	12	**
38	91	200	68	107	141	72	97	194	22	79	148	36	88	250
84	113	213	96	179	209	66	116	146	125	179	225	88	136	208
25	103	321	82	229	590	65	188	283	65	98	188	77	177	372
41	74	112	55	88	147	33	41	110	58	94	164	37	55	118
1,007	1,878	3,282	1,431	2,345	3,449	1,103	1,537	2,597	1,711	2,369	3,687	1,420	2,956	3,840
428	965	1,689	738	1,042	2,481	340	802	1,227	707	903	1,465	169	867	1,150
119	194	421	118	329	541	130	240	298	114	243	456	109	231	396
14	27	51	8	26	49	6	14	38	20	29	66	**	22	**
18	56	272	**	25	**	13	83	133	17	41	63	**	55	**
23	53	101	25	33	53	11	14	52	39	68	96	**	40	**
164	575	1,339	378	698	1,485	83	494	936	291	703	969	(94)	439	760
10	41	102	22	141	321	**	95	**	28	88	246	13	48	122
62	108	215	62	167	358	31	155	288	123	181	319	41	129	202
\$ 74	\$ 430	\$ 958	\$ 191	\$ 383	\$ 833	\$ 3	\$ 211	\$ 812	\$ (86)	\$ 410	\$ 682	\$ (135)	\$ 186	\$ 471

Exhibit B-27
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme								
	Steak and Seafood			American			Continental		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	71.5%	75.8%	81.6%	68.7%	74.6%	83.0%	63.4%	72.7%	77.5%
Beverage	18.7	24.3	28.6	17.6	25.4	31.4	22.5	27.3	36.6
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales									
Food	39.1	42.6	45.5	35.7	38.9	42.5	34.5	38.0	40.5
Beverage	22.0	25.7	29.5	23.6	26.9	29.9	23.5	26.7	32.0
Total Cost of Sales	35.5	37.8	41.7	33.2	35.6	39.9	31.9	34.6	37.4
Gross Profit	58.3	62.1	64.4	59.7	64.4	66.8	62.5	65.2	68.0
Other Income	0.2	0.6	2.3	0.3	0.8	1.9	0.3	1.1	3.3
Total Income	59.0	62.8	65.8	60.3	65.3	68.5	63.0	66.3	70.5
Controllable Expenses									
Payroll	20.5	25.9	30.7	25.3	29.2	32.3	25.1	29.3	33.7
Employee Benefits	1.8	3.4	4.1	1.6	3.5	5.0	1.2	2.8	5.1
Direct Operating Expenses	3.9	6.5	7.7	4.1	5.3	6.8	4.9	6.1	8.9
Music & Entertainment	0.1	0.6	2.0	0.1	0.7	2.0	0.8	1.8	3.5
Advertising & Promotion	1.2	2.0	3.2	1.1	2.2	3.4	1.4	2.4	3.6
Utilities	2.3	3.0	4.1	2.9	3.8	5.6	2.6	3.8	5.2
Administrative & General	1.9	3.5	5.8	2.2	3.6	5.8	2.2	3.4	6.8
Repairs & Maintenance	1.5	2.0	2.8	1.4	2.0	3.1	1.1	1.6	2.7
Total Controllable Expenses	40.0	45.8	53.0	44.9	49.8	59.0	43.8	51.5	59.6
Income Before Occupation Costs	9.4	16.7	22.2	8.2	13.0	18.5	9.8	16.6	22.2
Occupation Costs									
Rent	3.0	5.2	8.5	2.3	5.0	6.0	3.7	6.2	8.6
Property Taxes	0.4	0.7	1.5	0.3	0.8	1.9	0.3	0.8	1.4
Other Taxes	0.1	0.4	2.2	0.3	2.3	3.6	0.2	1.0	3.5
Property Insurance	0.4	0.7	1.4	0.4	0.8	1.2	0.6	1.0	1.5
Income Before Interest & Depreciation	2.6	8.1	13.5	2.6	6.8	13.1	1.9	7.1	15.8
Interest	0.5	1.4	2.9	0.2	0.7	2.4	0.7	1.5	3.4
Depreciation	1.8	2.9	4.3	1.9	2.9	4.4	1.9	3.4	4.4
Restaurant Profit	(1.7)%	3.4%	9.6%	(2.2)%	2.5%	9.1%	(1.4)%	2.4%	9.4%

**Insufficient number of restaurants reporting data.

Menu Theme

Italian			Mexican			Pizza			Sandwiches/Hamburgers			Regional		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
66.8%	75.1%	83.7%	60.7%	70.0%	87.9%	83.6%	85.4%	89.6%	60.4%	72.6%	85.6%	69.9%	79.4%	91.3%
16.3	24.9	33.3	12.1	30.0	39.3	11.7	14.8	16.7	19.3	29.2	39.6	10.5	21.3	30.5
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
32.3	35.2	40.6	29.3	31.1	33.5	29.3	30.5	34.0	34.0	40.6	44.5	32.6	37.0	38.5
22.9	28.5	33.4	19.1	21.4	29.1	21.3	29.7	33.5	21.5	28.8	44.8	21.1	26.5	36.6
30.0	32.5	36.4	25.9	28.6	31.4	29.3	30.8	34.0	32.2	35.2	40.6	30.7	33.2	38.2
63.5	67.6	70.1	68.6	71.4	74.1	65.3	69.6	71.3	56.5	64.6	67.8	62.2	66.2	69.2
0.2	0.7	1.8	0.4	0.9	1.5	0.5	2.9	4.6	0.6	1.3	2.0	0.5	1.4	3.1
63.6	67.6	70.5	69.7	72.8	74.9	65.5	71.4	73.9	57.9	65.2	68.4	62.5	67.2	72.0
21.1	25.7	28.9	22.7	25.2	33.3	23.5	25.1	30.9	22.7	27.3	32.1	24.0	32.5	38.1
0.9	2.1	3.7	1.4	3.0	3.3	0.7	0.9	2.4	0.2	1.5	3.8	1.0	1.4	4.1
3.4	5.9	6.7	4.6	6.1	7.9	3.1	5.7	10.2	4.5	6.1	7.5	4.4	6.8	9.4
0.2	1.6	5.4	0.1	0.2	0.8	**	0.3	**	0.1	0.4	1.1	**	0.3	**
1.5	2.2	3.9	0.6	1.7	3.6	2.8	3.3	4.9	0.5	1.7	3.0	0.7	2.4	4.6
2.2	2.9	4.5	2.4	3.2	4.3	2.3	3.0	3.9	2.4	3.0	4.0	2.0	3.3	4.5
0.9	3.6	5.9	2.0	6.2	10.6	2.7	6.1	9.4	1.3	2.2	6.4	2.2	4.2	7.1
1.2	1.8	2.2	1.2	2.2	3.1	1.0	1.3	1.7	1.2	1.6	2.6	0.7	1.5	2.9
37.7	45.0	50.5	41.6	50.0	54.8	41.8	45.3	53.1	41.2	46.1	50.7	46.9	49.7	74.1
11.9	21.8	28.0	18.1	22.0	32.0	15.8	23.1	28.7	12.6	18.8	22.5	5.6	16.3	23.3
2.7	5.0	8.6	4.2	6.2	8.3	5.1	5.9	9.6	1.8	5.0	6.0	2.6	4.7	6.8
0.4	0.9	1.6	0.2	0.5	1.1	0.2	0.5	1.8	0.3	0.5	0.8	**	0.4	**
0.3	2.6	3.8	0.3	1.2	3.1	0.4	3.0	4.4	0.2	0.6	2.6	**	1.4	**
0.8	1.1	1.7	0.4	0.7	1.2	0.4	0.7	2.5	0.7	1.2	1.8	**	0.7	**
6.1	9.7	23.6	9.4	14.7	25.1	4.3	16.2	19.5	6.7	11.6	18.5	(4.7)	8.7	13.7
0.2	1.2	1.9	0.9	3.7	4.3	**	1.1	**	0.5	1.3	4.1	0.3	1.1	1.8
1.0	2.7	4.3	2.0	3.2	5.0	1.3	3.1	6.0	1.7	3.7	4.8	1.7	2.7	4.3
2.8%	8.7%	20.8%	2.4%	11.6%	15.7%	0.2%	8.4%	15.3%	(1.01%)	7.0%	13.5%	(7.51%)	3.6%	9.0%

COMMENTS FROM LAVENTHOL & HORWATH OFFICES AROUND THE COUNTRY

From Atlanta

The metropolitan Atlanta restaurant industry experienced positive results and expansion in 1984. The city in general witnessed a year of widespread hotel, restaurant, office, retail and residential development. Continued increases in area disposable income, particularly with regard to the city's young professionals complimented the growth. The opening of new restaurants and lounges far exceeded closings and revenues at established operations reflected a general upward trend.

The northern suburbs of Atlanta benefited significantly from the city-wide development as most existing operations flourished and new establishments proliferated. Gwinnett County, located in the northeastern sector of Atlanta, experienced the largest number of new food and beverage outlet openings, due to its rapidly expanding population base and local legislation in 1983 which allowed the sale of liquor-by-the-drink. Of particular interest within the northern perimeter market area was the opening of several operations emphasizing gourmet hamburgers.

Buckhead, particularly the Lenox Square area, continues to be a good location for restaurant and lounge operation. Many of Atlanta's more successful fine dining outlets are located in the area, as well as several of the most popular high-energy lounge/entertainment operations. The opening of the MARTA rapid rail line and the ongoing expansion and development of upscale office projects have generated increased customer traffic. Future development activity in the area is extremely intense, which should incite prospective restaurateurs.

Downtown operations maintained their level of sales and are looking forward to the mid-1985 opening of a major hotel with 1,671 rooms. New restaurant activity in the downtown area was primarily limited to lunchtime-oriented operations. More expansive dining alternatives will not likely be forthcoming until the once vibrant Underground Atlanta is redeveloped, which is currently planned by a

joint venture between the city and the Rouse Company. Nearby midtown Atlanta continued its renaissance and provides a desirable living and working environment for the young professionals in the area. This urban neighborhood experienced continued growth in, and success with, small, diversified restaurants.

The resurgence of enplanements at Hartsfield Atlanta International Airport over the past two years and new commercial and industrial development interest in south Atlanta have revived the formerly stagnant food and beverage market in this sector of the city. The interest of city government to spur further development by offering various incentives suggests a promising future for this area.

Atlanta remains one of the premier areas in the country for restaurant operation. Its youthful, active and affluent population far exceed the national average for meals eaten away from home. Lounge and entertainment facilities benefit in a similar manner.

Henry G. Vickers
R. Mark Woodworth
Atlanta

From Baltimore

Baltimore's Inner Harbor area has stimulated further growth and development in the city, a trend that is projected to continue through out the decade. This is having a positive impact on Baltimore's restaurant industry, as indicated by the increase in tax receipts collected from the city's restaurants. Sales tax receipts received from restaurants and night clubs serving beer, wine and liquor increased approximately 9 percent from 1983 to 1984 and approximately 9 percent from 1982 to 1985. Additionally, tax receipts from the city's restaurants, lunch rooms and delicatessens which do not serve beer, wine or liquor increased approximately 16 percent from 1983 to 1984 compared with approximately 9 percent from 1982 to 1983.

In 1984, 979,000 square feet of first-class office space was constructed in the city, up from 247,000 square feet in 1983, and absorption rates are increasing. During

1984, approximately 410,000 square feet of office space was absorbed, an increase of 22 percent from 1983 and 86 percent from 1982. Construction began this year on The Gallery, the Rouse Company's mixed-use project to include 250,000 square feet of office space, a parking garage, hotel and 125,000 square feet of retail space.

Baltimore's Convention Center, opened in 1979, continues to receive increased utilization, especially as new hotels open in the downtown area. During 1984, 82 conventions with approximately 175,000 delegates utilized the convention center, a 9 percent increase in the number of conventions and a 40 percent increase in the number of delegates compared with the previous year. A 30,000 square foot underground expansion of the convention center is scheduled to begin in mid-1985 for completion by August 1986. In addition, Festival Hall, a 74,000 square foot building adjacent to the convention center, is currently under construction with completion expected by July 1985. The hall will be used primarily for local exhibits and events and will allow the convention center to accommodate larger conventions.

Tourism in Baltimore has increased significantly, partly due to marketing and the popularity of attractions located in the Inner Harbor area. This growth should continue with the opening of several new attractions, including a \$25 million indoor entertainment and amusement center located at the Inner Harbor. It is scheduled to open in May 1985. The city also plans to utilize piers five and six at the Inner Harbor for other attractions, including a proposed expansion of the National Aquarium, a maritime center and an Eastern Shore-style inn. The Movies at Harbor Park, a nine-screen cinema complex with two restaurants and a parking garage, is scheduled to open in 1985. Future attractions include the proposed conversion of the Fish Market to a nighttime entertainment area with theme restaurants and night spots.

All of these new developments are having a positive effect on Baltimore's restaurant industry, evidenced by the

growth of restaurants in Little Italy, Fells Point and along Charles Street. In view of the expansion in real estate development, tourism and conventions, the future for restaurants in the city looks bright.

W. Wesley Ayre
Trudy J. Scott
Washington, D.C.

From Boston

In 1984, Boston area restaurant operators reported their best year ever. A decrease in liquor sales was offset by price increases, cover counts and average receipts per cover. With record low unemployment and a brisk economy, restaurant guests are less concerned with price than value.

State legislation banning happy hours went into effect December 10, 1984. The measure prohibits bars from offering free drinks, jumbo drinks, two-for-one sales, special reduced prices, drinks as prizes, drinking contests and the sale of pitchers of beer except for two or more people.

Attendance is down as a result of this legislation, but increased revenues have offset the decline. Total liquor sales have decreased due to increased consumer awareness and drunk driving law enforcement. Restaurant operators report that people are drinking less and going home earlier. Sales of clear liquors, light beer, champagne and especially white wine are on the rise, while dark liquor and cream drink sales have fallen significantly.

Consumer tastes have become noticeably more sophisticated. Low sodium entrees, ethnic foods, especially pasta dishes, and varietal mushrooms were popular in 1984, and fish and veal dishes increased at the expense of red meats. Dessert sales were up considerably, especially fresh fruit including such exotic fruits as kiwi and papaya and the perennial Boston favorite, ice cream.

Other trends include grilling fish and game over charcoal or vineyard cuttings to enhance flavor, raw seafood, smoked foods and previously less popular seafood, such as squid. Venison, game fowl, and homespun breads and grains are also popular. In general, Boston area chefs are taking a closer look at the ingredients New England has to offer.

New developments include several restaurant chains geared toward the young professional market. Several new hotel restaurants will soon enter the market as

three luxury hotels have projects either recently opened or under construction.

As a result of the Boston area's sound economic climate, the restaurant industry is flourishing. Sophistication, experimentation and ethnic diversity have become associated with Boston area restaurants. No longer will Boston be best known only for its baked beans, clam Chowder and brown bread.

Joseph W. Giles
Boston

From Chicago

Chicago's food and beverage industry exhibited moderate growth in cover counts in 1984. Price increases, if any, were minimal. In light of the difficult years of 1981-1983, fewer restaurants opened in 1984 than in previous years. New restaurants tended to be major chains and well-known independents filling in the gaps in their effort to meet the demands of a stratified market.

Downtown Chicago continues to be a dynamic area with tremendous growth in office space and multiuse buildings in the Loop. These projects include several foodservice operations designed to service tenants and local lunch trade. As residential development expands in this area, over 1,000 units in one project alone, these restaurants should experience increases in evening business.

New restaurant concepts tended to be more conservative in 1984. Fresh seafood and so-called American cuisine dominated new menus at upscale properties. Fast service operations are concentrating on breakfast growth and introducing new menu combinations.

Suburban properties generally grouped around retail centers, especially near O'Hare and in other western suburbs, showed growth in food sales but reduced alcohol consumption. Pressure from public interest groups has created a growing awareness of drunk driving issues resulting in a significant decline in retail and wholesale beverage sales.

Mark Eble
Chicago

From Dallas/Fort Worth

Growth in the Dallas/Fort Worth area restaurant industry continued in 1984, showing a 19.6 percent increase in total food and beverage revenue, according to the Texas Restaurant Association. Dallas/Fort Worth is home to a number of

national restaurant chains, and has gained a reputation for being a worldwide headquarters for banking, high technology, oil and gas, retailing and the food distribution business.

Fierce competition is developing within the Dallas/Fort Worth restaurant industry, especially between gourmet hamburger, fern bar, and yuppie establishments, and restaurants featuring barbecue, seafood and nostalgia themes.

A shakeout is taking place in Dallas/Fort Worth. Some markets are oversaturated and are scrambling for position by diversifying with newly developed concepts. Restaurant sites are becoming scarce, land prices are rising and restaurants are being forced to be creative in using warehouse, office building and mall locations. In addition, Dallas/Fort Worth's nightlife is spread throughout the metroplex, in contrast to cities where nightlife is concentrated downtown or in a single area. This provides a wider range of opportunities for site selection within the nightclub market.

Major projects underway in the Dallas area include:

- *The Crescent*, a mixed-use development now under construction is expected to open in early 1986. This project includes a 220-room luxury hotel, over 1,000,000 square feet of office space and 75,000 square feet of retail space.

- *Cityplace*, also a mixed-use development, is now under construction in Oak Lawn. This 130-acre development will contain 3.9 million square feet of office and retail space along with complementary hotel and residential units. Phase I includes the world headquarters of a company involved in the convenience store business.

- *Festival Marketplace*, a festival retail marketplace near the present Farmers Market, is planned. Office space, hotel room and residential unit development is planned in conjunction with this project.

- A 1,100-room convention hotel is being planned adjacent to the Dallas Convention Center.

- *The Galleria Tower* and a 250,000 square foot department store are being developed in conjunction with the existing Galleria Development. Both are expected to open this year.

Addison, a suburb in North Dallas, has experienced significant growth in the food and beverage industry in recent

years. One of the few suburban areas that allows liquor sales by the drink, Addison has had between 25 and 40 restaurants open annually since 1977. One hundred and one restaurants now operate in this 4.5-square-mile community.

Fort Worth offers a variety of food and beverage alternatives, and is able to accent its western heritage with restaurants that offer some of Texas' best steak, barbecue and "Tex-Mex" dining. The Stockyards of Fort Worth, a working stockyard and collection of restaurants, western stores and tourist attractions, is the home of the world's largest country-western theme nightclub. This 127,000 square foot nightclub includes four restaurants, a 12,000 square foot dance floor, western stores, live entertainment, 47 bars and an indoor rodeo arena all under the same roof.

Arlington, one of the cities located in the "mid-cities" area, between Dallas and Fort Worth, is also experiencing significant growth in its food and beverage market. This city has realized a compound annual increase of 21.1 percent (not adjusted for inflation) in eating and drinking place sales between 1978 and 1983. The University of Texas at Arlington, tourist attractions in the area and an increase in residential and commercial communities account for this growth. Multi-family and single-family building permits have increased at an annual rate of 13.5 percent and 8.8 percent, respectively, over the last five years.

Dallas/Fort Worth is now regarded as a sophisticated restaurant/cuisine area, the cowtown or meat and potatoes image no longer prevailing. In addition to its reputation as a haven for Tex-Mex and barbecue, it is also known for its ethnic specialties and continental cuisine. Patrons are demanding, and getting, lighter food, a bigger selection of imported and "Texas" wines, and imported beers. Restaurant industry trends in the area continue toward fresh food prepared and served in a nouvelle cuisine style with a visually appealing presentation. The Dallas/Fort Worth restaurant industry has developed a cosmopolitan image and is expected to continue to grow and diversify.

Wayne J. Kapral
Timothy A. Marvin
Susan M. Kern
Steven M. Johnson
Dallas

From Denver

During 1984, the restaurant industry in Denver began to take a new and adventurous direction. This scenario is largely the result of continuing commercial and residential development throughout the metropolitan area and inner city rehabilitation, in addition to the continuing influx of new residents from various parts of the nation.

A large variety of culinary tastes is creating a market for unique dining experiences that offer alternatives to Denver's established beef-oriented restaurants. Throughout the Denver market area, specialized cuisines and ethnic restaurants are proliferating.

During 1984, Denver restaurant patrons have experienced the emergence of New Orleans' style Cajun cuisine and the continued development of new American cuisine. Furthermore, an increased demand for quality has resulted in the more public acceptance of a variety of specialty stores, such as French bakeries and gourmet supermarkets. Such dishes as mesquite-broiled fresh fish and homemade pasta continue to be popular. Moreover, in an effort to involve the city's populace in the culinary arts, area operators have invested in exhibition kitchens in their restaurants which allow for a continuously changing style of menu.

The development of downtown Denver should have a positive effect on the area's restaurants. The recently completed Tabor Center, a mixed-use development of retail, office, hotel and restaurant space, should create more activity downtown. A similar increase in the strength of the downtown restaurant market is anticipated from the proposed conversion of the Tivoli Brewery to an entertainment center consisting of restaurants, specialty shops and theaters.

Another part of the central city undergoing renewed development is Capitol Hill. The restoration of apartment buildings and townhouses in this historic neighborhood has spawned considerable restaurant activity. These new food and beverage establishments, many of which are in renovated historic buildings, consist primarily of upscale operations serving North American fare with a continental flair. As Capitol Hill continues to undergo commercial and residential redevelopment, its restaurant market should enjoy healthy and stable growth.

In the Denver suburban area, the restaurant market continues to be strong, particularly in the southeast sector. Unlike Denver's downtown eating establishments, which are largely independently operated restaurants and small night clubs, suburban activity is primarily in chain-operated restaurants and discotheques. As office space and residential development in the suburbs continue to increase at the current unprecedented rate, restaurant activity is anticipated to follow.

As Denver's economy diversifies and the aggressive development of the city continues, the outlook remains positive for the Denver restaurant market. Other plans, such as the renovation of the Denver Center for the Performing Arts, the development of a major convention center, and the proposed new airport with increased capacity should ensure steady long-term growth for the city's restaurant market.

Peter Meyer
Kaye Newman
Denver

From Detroit

Restaurant sales paralleled the strong growth in the automotive industry in 1984. Local residents continue to dine out more frequently as a result of favorable economic conditions. Most operators reported sales increases in 1984, while costs continue to be contained because of the low inflation rate.

Operators report a continuing trend toward health and diet-oriented menu items. Menus emphasize grilled fresh fish, poultry and light pasta dishes. Drinking habits are changing as well. Wine consumption continues to grow while distilled liquor sales are falling. Newly enacted drunk driving legislation has cut into beverage sales. Michigan legislators recently passed a law banning "2 for 1" happy hours. In response, restaurants are promoting appetizer sales to offset the decline in liquor sales.

Strong development activity continues in the Southfield, West Bloomfield and Troy suburban areas. Continued revitalization activity in downtown Detroit has rekindled restaurant and bar development. Trappers Alley, a specialty restaurant and festival retail outlets complex, located in Greektown, is presently under construction and is scheduled for opening in May 1985. Further development in the

downtown area includes the People Mover, currently under construction, and the proposed expansion of Cobo Hall.

The forecast for 1985 is bright, and expectations for long-term growth are optimistic. Although long-term growth will continue to parallel the health of the domestic automotive industry, Detroit and the state of Michigan continue to diversify their economic base. A move toward a diversified, more recession-proof economy in Detroit will, in turn, provide long-term benefits to the area restaurant industry.

Sarah W. Boulos
Paul M. Garber
Detroit

From Houston

The Houston restaurant market, already depressed by the downturn in the petrochemical and tourism industries, is being further softened by the increased opening of new eating and drinking establishments. Although the city's economy is showing signs of improvement, the restaurant industry in Houston is becoming increasingly more competitive.

The number of food and beverage establishments rose 5 percent from 6,768 units in 1983 to 7,106 units in 1984. However, the Houston foodservice industry was able to absorb the increase in the number of eating and drinking outlets because sales rose 17 percent to \$2.28 billion in 1984. Houston area residents spent 42.9 percent of their total 1984 food dollars in restaurants. This represents a 2.4 percentage point increase over 1983.

Ground breaking ceremonies for the George R. Brown Convention Center took place in February 1985. This facility, located in downtown Houston, will have over one million square feet and is scheduled for completion in mid-1987. Positive future growth trends are projected for the Houston restaurant market due to the increased convention traffic. Downtown establishments should realize the largest impact from the new convention center because of their proximity to its location.

Competition among Houston area restaurants will encourage restaurateurs to continue to search for ways to increase sales and profits, control costs, increase worker productivity and become more knowledgeable about their customers. Marginal operations will be forced from

the market and expectations will be high for those that survive.

Frank T. Goeckel
Houston

From Kansas City

National trends reflecting the public's preference for lighter food and lower alcohol consumption are evident in Kansas City. Sales of traditionally popular beef entrees have declined as operators note increased consumption of appetizers and lighter fare, especially seafood. The burgeoning popularity of seafood in the Kansas City market is attributable not only to its increasing popularity but also to the increasing availability of quality fish and seafood products in this part of the country. Ethnic-oriented operations, primarily Mexican restaurants, have also peaked in the area.

Current drinking and driving issues have negatively affected liquor sales throughout the Kansas City region resulting in creative promotions, often including food, on the part of operators to help retain lost revenues. This trend is also a contributing factor in the development of contemporary design drinking and dining establishments, chain and independent alike, in suburban Kansas City areas. Also supporting this growth is an increased number of upper-income residential developments, especially in Johnson County and Southeast Kansas City.

Another factor which could significantly increase restaurant and lounge development is a state legislative proposal that would permit the sale of "liquor-by-the-drink." According to current Kansas law, to be served a drink requires membership in a private club, among other restrictions. The proposed legislative measure has the support of the governor and is pending approval for the ballot by 1986. Operators anticipate increased Kansas liquor demand if and when legislation is approved by the voters.

On the Missouri side, voters approved legalization of pari-mutuel betting. Although the actual start of horse racing is not expected for at least two years, the tourism industry in general is expected to flourish.

The Country Club Plaza and Westport areas remain the most vibrant and popular entertainment districts in the region with growth and expansion expected to con-

tinue. The Johnson County area, especially Overland Park, is the fastest developing area of the region in terms of office space and upper-income residential development. This fast-paced growth continues to attract the majority of restaurant projects.

Downtown Kansas City is also in the middle of a construction boom including new office space and the opening of a major convention hotel. This upswing in the downtown area has incited the interest of several restaurateurs, but its attractiveness as an entertainment center will ultimately depend on the success of a number of residential projects under construction in the area. The Southeast sector of Kansas City is experiencing the same type of development.

The suburban area with the most potential for new food and beverage development in the near future is Kansas City North, due to plans for a major office park located near the airport and increasing residential development.

Richard M. Niedbala
Kansas City Office

From Las Vegas

Even though some restaurant prices have not changed here in decades, there have been some interesting changes in the marketplace. Las Vegas has always had its share of fast food outlets, but now they are located where they are competing directly with the inexpensive dining alternatives offered by many casino/hotels. For instance, a major fast food franchise, located on the "Strip," is sandwiched between two major casino-hotels. Another major fast food restaurant recently opened an outlet inside a casino-hotel. And it's not tucked away in some quiet corner of the hotel; the outlet has a front entrance with a large marquee.

How do they compete? We believe their national identity is a welcome sight for some out-of-towners who are looking for the comforts of home.

Another change in Las Vegas is the introduction of cafeterias. A Texas cafeteria company has recently opened two locations in Las Vegas. These facilities appear successful and there are plans to open at a third site this year. Likewise, a number of specialty restaurant chains have found profitable locations away from the business and tourist activity centers.

How do they compete with the Strip? They don't! The Las Vegas residential community of approximately 500,000 people is very similar to most major Sunbelt cities and is capable of supporting a variety of market segments.

L. Ralph Piercy
Las Vegas

From Los Angeles

Despite a decline during the Summer Olympic Games, customer counts in Los Angeles area restaurants increased slightly in 1984 compared with 1983 levels. During July and August, vast numbers of people visited the Olympic venues; however, they stayed within the Game sites and did not frequent area restaurants. The Games kept many tourists from coming to Southern California, and many local residents took vacations elsewhere to avoid the expected crowds and traffic jams.

Moderate expansion took place during 1984. The majority of the facilities that have been expanded tend to be managed by regional operators, whose concepts have found a niche in the Los Angeles market, including:

- Japanese sushi, fast food and sit down
- Regional hamburger chains
- Spicy and flame-broiled chicken
- Gourmet hamburger chains
- Italian-style gourmet deli/pasta shops

Healthy, fresh foods, seafood and ground beef are popular trends in southern California. Another trend to hit the market is Cajun-style cooking, brought to California by chefs from Louisiana. Cajun cuisine is rich and spicy and incorporates aspects of existing creole cuisine.

Restaurateurs have noticed a change in customers' eating habits. It is not uncommon for customers to order several appetizers in lieu of an entree. This change is referred to as grazing. Despite customers' desires for healthy foods, desserts are a hot item. By grazing on appetizers and lighter foods, the customer can enjoy a delectable dessert. As a result, there will be a continued increase in restaurant pastry chefs and gourmet ice cream/dessert shops.

Janet Lowder
Los Angeles

From Minneapolis

The Twin Cities restaurant industry continued to expand in 1984. Growth was reflected not only in free-standing restaurants but in hotel-operated food and beverage establishments due in part to the metropolitan area's continued recovery from the recession.

Rapid commercial development has been taking place all over the Twin Cities metropolitan area. The opening of a new specialty retail center in downtown Minneapolis, Riverplace, has further added to the variety of food and beverage facilities available to residents of the Twin Cities. Riverplace represents the city's efforts to revitalize its riverfront property.

St. Paul saw the opening of the Ordway Theatre, the spectacular new home of the St. Paul Symphony Orchestra, which will inevitably contribute late night dinner business to downtown St. Paul. In addition, three restaurants opened in the converted St. Paul Depot, and construction has begun on a new World Trade Center.

Bloomington has experienced the greatest amount of development, with a record-breaking office space construction boom and a substantial number of new and different eating establishments opening along the Bloomington strip. Further, hotels in Bloomington have begun a concerted effort to upgrade their eating establishments to keep up with the growing culinary sophistication of the Twin Cities market.

Trends in the Twin Cities restaurant industry include a continued expansion into ethnic cuisine, particularly with the opening of a variety of Indian and Middle Eastern restaurants. Restaurants offering barbecue oriented menus and gourmet hamburgers have also been gaining in popularity.

As in other states, Minnesota is contemplating legislation to raise the drinking age to 21, as well as curtailing happy hour specials. One positive change affecting beverage establishments in the Twin Cities was the repeal of a .25 percent liquor tax on downtown Minneapolis bars and restaurants, which was enacted to help pay for a new stadium. Three new entertainment night clubs opened in the Twin Cities. Two are located in downtown Minneapolis and one in the western suburbs. All three have been well received and provide exciting entertainment alternatives in the Twin Cities market.

Food sales in metropolitan area hotels increased 4.5 percent in 1984 compared with 1983 figures. Beverage sales showed a slight increase over prior years' levels, with total food and beverage sales increasing 3.6 percent in 1984.

Further growth is expected in the Twin Cities restaurant industry due to the opening of Minnesota's first horse racing facility, Canterbury Downs, the expansion and upgrading of the convention center in downtown Minneapolis and the state's commitment to an aggressive tourism marketing campaign. These factors contribute to a favorable outlook for 1985 and beyond.

Scott Nichols
Minneapolis

From New York

New York restaurateurs experienced a healthy year in 1984 and the first quarter of 1985. Customer counts increased at existing established restaurants even though many new restaurant operations came into the market during the year.

Fine dining establishments experienced the largest increases in cover counts, while medium-priced restaurants reported the smallest increases. Fast-food restaurants experienced moderate improvements, with restaurants specializing in light cuisine and broiled chicken reporting the highest increases.

Although Broadway show attendance was down in 1984, other trends, such as increased tourism and hotel occupancy, and improved department store sales, helped increase restaurant demand.

More commercial office space occupancy has created high demand for lunch business, particularly in midtown and lower Manhattan. Existing restaurants in these prime office areas are experiencing capacity lunch-hour trade, and new restaurants have not opened rapidly enough to satisfy the demand.

The trend toward American Cuisine continued during 1984, with emphasis placed on light, healthy foods. Celebrity chefs from Los Angeles, Chicago, New Orleans and other renowned restaurant cities are researching the possibilities of entering the New York market. One chef recently opened a California cuisine restaurant which was accepted with great enthusiasm.

The growth of the contemporary professional market has resulted in many new

trendy neighborhood restaurants. Most have opened on the upper West Side of Manhattan, particularly along Columbus Avenue. The success of the operations on Columbus Avenue has resulted in a spillover effect along Broadway and Amsterdam Avenue and north to the 86th Street area. A resurgence of restaurants also has occurred in Greenwich Village, and there is continued growth in Soho, Tribeca and Harlem.

Operators of many fine restaurants also have been considering the possibilities of opening for breakfast. These operators have noticed the phenomenon called the "Power Breakfast" for the business commercial market, which occurs at finer hotel restaurants, and are trying to capitalize on this trend.

Many restaurateurs have purchased and installed computerized point-of-sale and management information systems. Current computer systems offer the restaurateur increased control and accountability and have helped improve net operating income; still, many have not taken full advantage of the system's capabilities.

The outlook for the New York restaurant industry for the remainder of 1985 is favorable and similar to 1984. We expect to see more restaurants opening in conjunction with the increase in commercial occupancy, more neighborhood restaurants and continued growth in the established restaurant market.

Stuart Feigenbaum
New York

From Ohio

1984 was a strong year for the Ohio restaurant industry. Operators reported increased sales over 1983 levels, and according to many restaurant managers and owners, 1985 should be at least as strong as 1984. Many new restaurants opened in Ohio during the past year, mainly fast food operations, including continued expansion of existing chains as well as the introduction of several new names to the state fast food market. This trend is likely to continue with an even stronger emphasis on new concept fast food developments.

One trend emerging during 1984 was an increase in breakfast service in fast food and family-style restaurants throughout the state. Restaurateurs recognized the importance of offering breakfast service to maintain brand loyalty and remain

competitive in the marketplace. Another noteworthy trend was the increasing popularity of nutritional foods. "Light menus," including salad bars and diet conscious foods, began appearing in local restaurants. The trend toward "healthy, low caloric food" is expected to remain popular over the next several years. Ohio restaurateurs also continued to adapt their facilities to meet public demand for separate smoking and nonsmoking sections.

Lastly, Ohio restaurateurs are more aware of the implications of selling liquor due to changing state and Federal laws regarding drinking and driving. In addition, legislative changes to Ohio legal drinking age laws have been proposed which could necessitate even further changes in liquor promotion policies and result in more stringent sales controls.

The outlook for continued growth in Ohio's restaurant industry remains good. Growth over the next two to three years should be comparable to 1984 levels, fueled by the fact that more and more people continue to eat out. They are becoming aware that eating out is more convenient, less expensive and can be entertaining. This fact will generate increasing restaurant sales, as well as promote additional restaurant development in Ohio.

Melinda M. Rath
Cleveland

From Philadelphia

The Philadelphia restaurant renaissance continued in 1984 as many of the area's multi-unit chain operators opened new facilities throughout the city. Particularly evident was the growth in the lively restaurant/lounge concept, with a number of futuristic, high-tech night clubs opening to, and sustaining, large crowds. Some of the top area nightclubs reported record revenues in 1984. However, new development of this type was limited by the high costs of entry into the prime Philadelphia markets.

Area hotels continued to upgrade their image as places to dine, with imaginative concepts, new decor and menus, excellent food and service, and aggressive marketing programs. Several hotels have been particularly successful in developing a strong Sunday brunch trade by offering an outstanding presentation which attracts area residents as much as, if not more than, hotel guests.

For many years, Philadelphians have known that they had a "best kept secret" in the quality and variety of dining establishments in the city and its surrounding areas. This variety extends from fine dining in nearly 20 different native cuisines to a surprisingly large number of outstanding country inns and rural specialty restaurants with unique menus. During the past year, the city's Convention and Visitors Bureau has taken a much more aggressive approach to promoting the Philadelphia area restaurant scene in travel and business publications. Articles in national publications concerning the quality of dining are increasing.

The southern New Jersey shore area and Atlantic City, in particular, have been the scene of rapid growth in dining possibilities. The tremendous influx of visitors to these areas, which has come largely from the growth of the casino industry, has resulted in an increasing number of facilities. The casino-hotels offer a great variety of dining and lounge operations. For example, one facility opened a food court this year with outlets of many of the best known Philadelphia area restaurants. Restaurants are being established in outlying areas of Atlantic City as well, with a number of new establishments opening that offer varied concepts, decors and menus.

Geoffrey Kirkland
Philadelphia

From Phoenix

The restaurant industry in Phoenix continues to thrive. Population growth in the Phoenix metropolitan area averages over 50,000 annually. This growth not only increases overall demand for restaurants, but adds to the diversity in the types of restaurants being demanded.

Chain-affiliated, fast-food restaurants and moderately priced operations are experiencing continued strong growth. The presence of national chain operations as well as multi-unit local restaurants is increasing. Many are located in Phoenix for market testing purposes because of the city's diverse population.

The area's resort-operated food and beverage restaurants and lounges are popular among resort guests as well as residents. The variety and quality of facilities and services offered at resort restaurants is a result of the high concentration of luxury resorts in Phoenix and Scottsdale.

Many of these operations are considered superior to a number of the high quality independent establishments.

The central business district of Phoenix is currently under-going rapid growth, particularly in office space development. This has resulted in renewed interest in the development of hotels in that area. Two existing hotels have been renovated in the past two years and a third is nearing completion. Each of these hotels includes at least one quality restaurant or dining room and, of those open to date, all are extremely popular.

Most of the increases in population and employment in the Phoenix metropolitan area continue to occur in the East Valley. This strong growth has led to vigorous commercial and residential development activity. Even though development is strong, restaurant availability is limited within the area. This observation is supported by a recently completed study, which cites the need for retail/restaurant space as among the prime concerns of East Valley residents.

The projected high levels of growth in population, development activity and tourism indicate increased support for restaurants in the Phoenix metropolitan area. However, as restaurant development continues and competition intensifies, it becomes essential for operators to conduct adequate research in terms of concept, location and market analysis prior to entering the Phoenix market.

Brian Wilson
Phoenix

From St. Louis

Growth in the St. Louis restaurant industry predicted for 1984 has become reality, particularly as a result of continued development and rehabilitation of the central business district.

Two major mixed-use projects encouraging downtown redevelopment are proceeding on schedule for 1985 openings. These projects have been successful in attracting innovative food and beverage operations.

St. Louis Centre, a joint venture with May Centers and Melvin Simon, is a \$125 million project scheduled to open July 1985. The complex will feature 1.4 million square feet of retail space by connecting two of St. Louis' major department stores. Also included will be a 230-room hotel and 375,000 square feet of commercial

office space. Pedestrian bridges will link the center to surrounding department stores, office buildings and parking.

A variety of food and beverage outlets are planned for the complex which will feature a food park. Fourteen locally popular restaurant operations will share common eating space in the food park. The idea is to consolidate community favorites and offer tourists an opportunity to sample "local fare" without leaving the centre. In addition to the food park, middle-market, theme and fine dining establishments will be available.

The second major retail project is the rehabilitation of Union Station, said to be the nation's largest single redevelopment project. Phase I includes 160,000 square feet of specialty retail space and a 550-room luxury hotel. It is scheduled to open August 1985. The developers have designated space for express food service, kiosks and fine dining. Three food and beverage facilities catering to the upscale lodging market are planned for the hotel.

Several other restaurant and entertainment projects have been announced for St. Louis' Riverfront, which will enhance the city's image in convention and tourist markets. One of the world's largest inland excursion boats is being converted to a five-level, 150,000 square foot entertainment center and will be permanently moored at the base of the Gateway Arch.

Midtown St. Louis' "Central West End" continues to prosper from patronage by the young professional market it has so successfully courted over the years. Known for attracting innovative concepts, the area produced St. Louis' first unique Italian eatery in 1981. The cafe offers limited menu dining and is a prototype of common European modules.

Strength in suburban St. Louis County has been sustained by continued new housing construction. The focus of food and beverage growth in suburban markets continues to be popular national franchises and fast-food operations.

Joseph M. Alongi
St. Louis

From San Diego

Restaurateurs throughout San Diego enjoyed much success in 1984. Continued growth in population and income helped spur new restaurant activity. Marketing efforts directed toward local patrons have resulted in a restaurant industry less

dependent on tourism. This trend should become more pronounced in the next few years with the anticipated growth in commercial and residential development, particularly in downtown, Mission Valley, University City and North County areas.

Dining trends in the San Diego area indicate that specialty and theme restaurants have captivated the most customers. Attractive sushi bars and stylish champagne and oyster bars have emerged in communities such as La Jolla, Pacific Beach and Mission Valley, and their popularity is expected to increase.

Increased occupation costs in Southern California have made it necessary for restaurant owners to examine ways of maximizing revenues further. Local restaurants are experimenting with early bird specials and late night supper menus. Additionally, several downtown establishments have introduced delivery service to expand on peak lunch hour demand.

As a result of the technological advances and increased competition in restaurant point-of-sale systems and computer software markets in 1984, the San Diego restaurant owner has benefited from more affordable, higher quality products.

The San Diego restaurant industry can expect modest increases in customer counts in 1985, paralleling the projected growth in population, income, commercial development and tourism.

Michelle D. La Motte
Lewis A. Weinger
San Diego

From San Francisco

San Francisco's restaurateurs experienced another healthy year in 1984. Sales increased slightly over strong 1983 levels, and the number of new eating establishments increased 3 percent during the first half of 1984, to a total of 3,063. The majority of these new establishments hold wine and beer permits, an indication of the continuing decline in distilled liquor sales.

Earlier expectations regarding the effects of the Democratic Convention, Super Bowl and "spillover" from the Olympic Games in Los Angeles did not materialize. Additional sales generated by these events were, in most cases, offset by a decline in pre- and post-event tourism and a lag in the resident trade during the events.

The San Francisco market is dominated by the 25 to 35 age group. Characterized as young professionals, highly mobile and well educated, this age group tends to eat out often. The sophisticated and discriminating nature of this market segment has imposed certain obligations upon restaurateurs. Menu creativity and an interesting, entertaining decor, is needed to capture the eye.

The trend toward healthy, fresh food is as strong as ever. Pasta, seafood, baked goods and salad top the list. Red meat is on the decline and new styles and cooking methods are in vogue. Cajun food has made a noticeable presence this year as has mesquite grilled anything.

The more popular new restaurants this year are featuring the neo deco look and some the open kitchen concept, where patrons can look on as their dinner is prepared. Their menus flaunt creativity, often California trendy, and change monthly, if not daily. Frequented by the "Yuppie" crowd, success was almost instantaneous for the majority.

Oddly enough, in this diet conscious age we have seen a great demand for high calorie excesses. Cookie shops, patisseries, chocolatiers and specialty dessert shops are springing up around the city. Restaurateurs have responded to this demand with large selections of creative desserts and on-premise bake shops.

Fast-food chains continue to find the Bay Area difficult to penetrate. High operating costs, along with high level consumer sophistication, have limited participants to upscale gourmet hamburger shops and soup and salad type restaurants.

The future looks as promising as ever for San Francisco restaurant owners. The growing population within the major market segment and the strong trend toward eating out will continue to support the variety of restaurants in the area.

Ken Geist
San Francisco

From Seattle

The Seattle/Bellevue area restaurant industry continues to grow as the downtown and suburban areas develop and national trends influence the Pacific Northwest.

Gourmet fast-food and self-service deli restaurants have become very popular in the Seattle area. These restaurants cater to

a large market segment by accommodating lunchtime crowds quickly and attracting families on a limited dinner budget.

Office space in suburban Bellevue/Kirkland has grown to almost half the total amount in downtown Seattle. The "Technology Corridor," an area that extends from Bellevue through the communities immediately north of Seattle, is developing as a regional location for high technology firms locating in the Pacific Northwest.

Local menu trends still include a la carte items, health oriented foods and generally smaller portions. In addition, regional wineries and micro-breweries are becoming more evident and increasing in popularity, as restaurants showcase their varied products.

The recognition that the Northwest has received for its seafood, wines and micro-breweries is expected to increase noticeably over the next few years. With the economy stabilizing and health and diet awareness increasing, the Seattle food and beverage industry expects continued growth in 1985.

Andrew Olsen
Shannon McMurry
Seattle

From South Florida

Substantial changes are taking place in South Florida's restaurant industry, including improved concept and new product introductions. Also, local restaurateurs and tavern owners are becoming aware of a shifting population. Concern is being expressed about legislation regarding the legal drinking age and "happy hour" restrictions.

Several new "adult fast food" establishments opened in 1984 and many more are under study. The trend toward entertainment oriented full-service lounges has caught on in Miami and Coconut Grove. Both cities are hosting new and expanded clubs. The emphasis on quality food in a fun environment is apparently well received by the 25 to 40 age group throughout the region.

Fast food also has seen strong growth in 1984. While the burger/chicken wars rage in the media, local franchises have benefited from the increased exposure. Many area entrepreneurs are considering new fast food concepts, including delivery systems and ethnic food products. We expect success with any new

product catering to the strong "food away from home" buyers in the Miami/Ft. Lauderdale markets.

Area restaurateurs are facing several important issues in the summer 1985 Florida legislature. A movement to restrict happy hour promotions and the legal drinking age has been active in the Florida legislature since the fall of 1984. Many area operators are downplaying liquor promotions and are offering various food service specials to entice customers while reducing their alcohol intake. While no conclusions can be drawn yet, the impact upon South Florida's full-service restaurant business could be substantial if current proposals are passed.

We expect 1985 to be a solid performance year for area restaurateurs; increased visitation (a record 1985 season for the lodging business) and improved products should result in increased profits. While alcohol consumption remains an issue, we expect restaurateurs will respond sensibly to the challenges ahead.

Dean H. Lott
Miami

From Washington, D.C.

The revitalization of Washington's downtown core and the development of new office and retail space present a positive outlook for the restaurant industry. A major component of Washington's economy is tourism and convention and business travel. The number of visitors from these three sectors increased approximately 10 percent during 1984 from 1983 levels.

About 3.9 million square feet of office space is under construction in Washington. Approximately 3.2 million square feet of new office space was completed in 1984 and an additional 2.9 million square feet is anticipated for 1985. However, new office space occupancy has not kept pace with delivery. Vacancy rates have increased from approximately one percent in 1981 to approximately 12 percent in 1984.

Long-term efforts to redevelop Pennsylvania Avenue are now being realized. During 1985, National Place opened with a 100-store, four-floor mall, restaurants, first-class office space, parking garage and a hotel. The Pavilion at the Old Post Office was completed and construction began on several office and mixed-use projects. In Georgetown, construction

began on the Washington Harbour complex, 500,000 square feet of first-class office space, 38 luxury condominiums and 100,000 square feet of retail space, including a 1,000 seat restaurant. Expanding throughout the District and into suburban areas is the local metrorail system which began operation in 1978. During December, 1983 and 1984, 13 new metrorail stations opened in Northern Virginia and suburban Maryland, spurring the development of office, residential and commercial projects, including restaurants, surrounding the new stations.

The legal drinking age has been the subject of much discussion in the Dis-

trict. During 1984, Virginia raised the legal age for beer consumption from 18 to 19. As of July 1987, this will be increased again to 21. In Maryland, the legal drinking age for all alcoholic beverages became 21 as of July 1985. Restaurant and lounge business in the District, where the legal drinking age for beer and wine is 18, has been affected. As a result, the District may feel increased pressure from suburban areas to raise the legal drinking age.

Another trend is the increase in the development of new gourmet and specialty food stores. Many traditional grocery stores have begun offering a greater

variety of convenience and ethnic foods, including gourmet salads and entrees, salad bars, in-house bakeries, delicatessens and charcuteries. Convenience and specialty food stores are also offering a wider variety of ready-to-eat and prepared foods, penetrating markets traditionally held by restaurants.

Overall, the Washington area restaurant industry should continue to expand as commercial, retail, convention and tourism activity grows and opportunities for innovative restaurateurs increase.

W. Wesley Ayre
Trudy J. Scott
Washington, D.C.

EXPLANATION OF TERMS

Median—lower quartile—upper quartile

In a column arranged in regular sequence from high to low, or vice versa, the median is the middle figure. In the case of operating results, this means that half the restaurants represented had better results than the median and half had poorer results.

The lower quartile is the dividing point between the lowest quarter and the upper three-quarters of the group. The upper quartile is the dividing point between the highest quarter and the lower three-quarters of the group. Thus, the lower quartile, median and upper quartile divide a series of figures into four equal parts. The results of the middle half of the restaurants fall between the lower and upper quartiles.

For a more detailed explanation of these terms, refer to UNDERSTANDING MEDIANS, on page 9.

Food sales

This category includes revenue derived from the sale of food in the restaurant. Food sales also include the sale of coffee, tea, milk and fruit juices, which usually

are served as part of a meal. If there is no service of liquor, beer or wines, the soft drink sales also would be included in this category.

Beverage sales

This category includes revenue from the sale of wine, spirits, liqueurs, beer, ale and soft drinks. These sales do not include coffee, tea, milk or fruit juices, which normally are served with meals and, therefore, are considered food.

Payroll

This category includes the regular salaries and wages, extra wages, overtime, vacation pay and any commission or bonus payments made to employees. The entire restaurant payroll generally is included under this category.

Direct operating expenses

This category includes expenses directly involved in providing service to the customer. Such things as uniforms, laun-

dry, linen, china and supplies are examples of direct operating expenses.

Advertising and sales promotion

This category includes all costs incurred in the maintenance, creation or promotion of sales in the restaurant.

Administrative and general expenses

This group of expenses is commonly considered "overhead," and includes items that are necessary to the operation of the business rather than those connected directly with the service and comfort of the customer. Examples include office supplies, telephone costs, general insurance and professional fees.

Occupation costs

These expenses, together with interest and depreciation charges, are the costs of readying the premises for operations. These are sometimes called "fixed charges" since they usually are determined by the financial setup of the restaurant and not by the trend of its business. Rent, taxes and property insurance are occupation costs.

ANALYZE YOUR OPERATION

A periodic analysis of your restaurant's financial performance may provide some early warning signs of potential problems. Food costs or payroll may be inching up month by month. Some controllable expenses could be increasing while others are decreasing.

Day-to-day changes in your costs may be small and could go unnoticed. However, examination on a regular basis could uncover undesirable trends, allowing you to take corrective action and control situations that could lead to a crisis. That is the key to effective management.

To help you toward better management, we have included on the following

page a worksheet designed to help you analyze how well your restaurant is doing in comparison with the rest of the industry. Follow these simple instructions for completing the worksheet:

1. Enter your financial data in the first column.

2. Compute the percentages for column 2 by dividing the amounts by total sales. (Note—Where food and beverage sales are broken down separately, compute percentage of food cost by dividing cost of food by food sales; for the beverage cost percentage, divide cost of beverage sales by beverage sales.)

3. Calculate the supplementary statistics in accordance with the formulas given.

4. List the appropriate comparative percentages or ratios from this report in column 3.

5. Compute the variances by dividing the difference between the figures in column 2 and column 3 by the figures in column 3. Multiply the result by 100 to express the variance as a percentage.

6. If the variance is greater than plus or minus 10 percent, further analysis should be made to determine the reason for that variance.

WORKSHEET

Complete and Compare
Statement of Income and Expenses

	Your Figures (Dollars)	Your Figures (% of Sales)	Restaurant Industry Report	Variance + or -
Sales				
Food	\$	%	%	
Beverage	\$	%	%	
Total sales	\$	%	%	
Cost of sales				
Food	\$	%	%	
Beverages	\$	%	%	
Total cost of sales	\$	%	%	
Gross profit	\$	%	%	
Other income	\$	%	%	
Total income	\$	%	%	
Controllable expenses				
Payroll	\$	%	%	
Employee benefits	\$	%	%	
Direct operating expenses	\$	%	%	
Music and entertainment	\$	%	%	
Advertising and promotion	\$	%	%	
Utilities	\$	%	%	
Administrative & General	\$	%	%	
Repairs and maintenance	\$	%	%	
Total controllable expenses	\$	%	%	
Income before occupation costs	\$	%	%	
Rent	\$	%	%	
Property Taxes	\$	%	%	
Other Taxes	\$	%	%	
Property Insurance	\$	%	%	
Income before interest and depreciation	\$	%	%	
Interest	\$	%	%	
Depreciation	\$	%	%	
Restaurant Profit	\$	%	%	

Supplemental Operating Information

Sales per seat

Food	\$	\$
Beverage	\$	\$
Total	\$	\$

Average receipt per cover (total sales covers)

\$

\$

Daily seat turnover (covers seats 365 days)

times

times

Index of productivity [sales (payroll + benefits)]

times

times